

**AUBURN CITY COUNCIL  
REGULAR SESSION AGENDA**

City Hall, Council Chambers  
1225 Lincoln Way, Auburn, CA 95603

**March 23, 2009**

**Closed Session 5:30 p.m.**

**Regular Session 6:00 p.m.**

*Meeting facilities are accessible to persons with disabilities. Requests for Assistive Listening Devices or other considerations should be made through the City Clerk's Office at (530) 823-4211, Ext. #112*

**CALL TO ORDER  
ROLL CALL**

By **MOTION** adjourn to a Closed Session under Government Code Section 54957:6

- (1) **CONFERENCE WITH LABOR NEGOTIATORS**  
Agency Designated Representatives: Robert Richardson  
Employee Group: All Bargaining Units
- (2) **CONFERENCE WITH LEGAL COUNSEL-INITIATION OF LITIGATION**  
G.C. 54956.9(c)

One Case

**REPORT OUT OF CLOSED SESSION**

**PLEDGE OF ALLEGIANCE**

**MAYOR'S COMMENDATIONS/PROCLAMATIONS/ACKNOWLEDGEMENTS/  
ANNOUNCEMENTS**

Certificate of Appreciation: Barry Stigers, Telecommunications Commissioner

**AGENDA APPROVAL**

This is the time set aside for council members and/or the public to ask for removal, postponement or a change to the listed sequence of an agenda item.

**CONSENT CALENDAR**

All matters listed under the Consent Calendar are considered to be routine in nature and will be approved by one blanket motion with a roll call vote.

There will be no separate discussion of these items unless persons request specific items to be removed from the Consent Calendar for discussion and separate action. Any items removed will be considered after the motion to approve the Consent Calendar.

1. **Minutes**

**Pages 7 - 20**

By **MOTION** approve City Council Minutes of February 17, 23 and March 4, 2009.

2. **Diesel Smog Retrofit – Sewer System Maintenance Equipment**

**Pages 21 - 28**

By **RESOLUTION** authorize the purchase of replacement front and rear auxiliary engines and particle trap for the 1997 sewer vacuor equipment.

3. **Auburn Municipal Airport East Area Hangars Ground Lease – Auburn East Hangars Row “Alpha” Owners, an Unincorporated Association**

**Pages 29 - 78**

By **RESOLUTION** authorize the City Manager or his designee to execute a 40-year ground lease between the City of Auburn, a Municipal Corporation, and Auburn East Hangars Row “Alpha” Owners, an unincorporated association.

4. **Quarterly Report of Investments – Quarter Ending December 31, 2008**

**Pages 79 - 90**

Receive, review and file the “*City of Auburn Quarterly Investment Report*” for the quarter ending December 31, 2008.

\*\*\*\*\* End of Consent Calendar \*\*\*\*\*

5. **Public Comment**

This is the time provided so that persons may speak to the Council on any item not on this agenda. Please make your comments as brief as possible. The Council cannot act on items not included on this agenda; however, the items will be automatically referred to staff.

**PUBLIC HEARING**

6. **Auburn City Fire Department 2009 Strategic Reorganization Plan**

**Pages 91 - 112**

By **RESOLUTION** authorize the Fire Chief to implement the Auburn City Fire Department 2009 Strategic Reorganization Plan.



14. **Cost Savings Plan for City Council, City Manager, Department Directors and Department Managers Consistent with Current Financial Shortfalls** **Pages 155 - 172**

- 1) By **RESOLUTION** authorize the City Manager or his designee to reduce the current stipend payment for Elected Officials by 10%, beginning May 1, 2009, for the remainder of fiscal year 2008/09 and for all of fiscal year 2009/10, ending on June 30, 2010.
- 2) By **RESOLUTION** authorize the City Manager or his designee to notify CalPERS of proposed changes to the manner by which the employee portion of CalPERS retirement premiums are paid to CalPERS effective May 1, 2009 through June 30, 2010.
- 3) By **RESOLUTION** authorize the City Manager or his designee to amend Department Directors Agreements to reflect a reduction in salary of 10% beginning May 1, 2009 through June 30, 2010.
- 4) By **RESOLUTION** authorize the City Manager or his designee to reduce Department Managers salaries by 10% beginning May 1, 2009, for the remainder of fiscal year 2008/09 and all of 2009/10, ending on June 30, 2010.
- 5) By **RESOLUTION** amend the City Manager's contract to reflect a reduction in salary of 10%, beginning May 1, 2009, for the remainder of fiscal year 2008/09 and all of 2009/10, ending on June 30, 2010.
- 5) By **RESOLUTION** authorize the City Manager to implement the Cost Savings Plan for CalPERS employee contributions and Mandatory Time Off provisions, consistent with all applicable laws and regulations.

**ADJOURNMENT**

Materials related to an item on this Agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, 1225 Lincoln Way, Room 8, Auburn, CA 95603 during normal business hours.

7. **Relaxing Temporary Sign Regulations** **Pages 113 - 126**

By **RESOLUTION** provide the Community Development Department with authority to utilize prosecutorial discretion in the application of the temporary sign requirements of the City of Auburn.

**REPORTS**

8. **Informational Reports from Committees/Commissions**

Telecommunications Commission

9. **Rock Climbing in the Auburn State Recreation Area**

**Pages 127 - 130**

Presentation by Gordon Ainsleigh

10. **2008-2009 Street Overlay Program**

**Pages 131 - 132**

Informational item only.

11. **City Council Committee Reports**

The purpose of these reports is to provide information to the city council and public on projects and programs that are discussed at committee meetings. **No decisions are to be made on these issues.** If a council member would like formal action on any of these discussed items, it will be placed on a future city council agenda.

**COUNCIL BUSINESS**

12. **Cooperative Agreement with California Department of Transportation for the Relinquishment of State Route 49** **Pages 133 - 150**

By **RESOLUTION** authorize the City Manager to sign the cooperative agreement for State Route 49 relinquishment.

13. **Wastewater Treatment Plant Improvement Project**

**Pages 151 - 154**

By **RESOLUTION** direct staff to proceed with conventional financing for the onsite wastewater treatment plant; and

By **MOTION** authorize advertising of the onsite wastewater treatment plant improvement project.



# CITY OF AUBURN

## CERTIFICATE OF APPRECIATION

With gratitude and appreciation from  
The Mayor and the Auburn City Council

to

**BARRY STIGERS**

**AUBURN TELECOMMUNICATIONS COMMISSION**

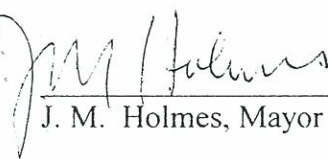
**2006 - 2009**

For dedicated service to the City of Auburn  
through your representation on the  
Auburn Telecommunications Commission

Thank you!



Issued this 23<sup>rd</sup> day of March, 2009

  
J. M. Holmes, Mayor



# CITY COUNCIL MINUTES

February 17, 2009  
SPECIAL SESSION

The Special Session of the Auburn City Council was held in the Council Chambers, City Hall, 1225 Lincoln Way, Auburn, California on Tuesday, February 17, 2009 at 6:00 p.m. with Mayor J. M. Holmes presiding and City Clerk Joseph G.R. Labrie recording the minutes.

## CALL TO ORDER PLEDGE OF ALLEGIANCE ROLL CALL:

**Council Members Present:** Keith Nesbitt, Bill Kirby, Bridget Powers, J. M. Holmes,

**Council Members Absent:** Kevin Hanley absent for roll call.  
Attended Closed Session.

**Staff Members Present:** City Manager Robert Richardson,

## PUBLIC COMMENT

Mayor Holmes asked that Council Member Kirby have his picture taken for the frame outside of the Council Chambers.

Mayor Holmes asked the City Clerk to exchange the flag in the Roseroom, with the eagle on it, with the Council Chamber flag.

By **MOTION** adjourn to a Closed Session under Government Code Section 54957:6 **MOTION: Nesbitt/Kirby/Approved by Voice**

### (1) CONFERENCE WITH LABOR NEGOTIATORS

Agency Designated Representatives: Robert Richardson  
Employee Group: All Bargaining Units

### (2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR

G.C. 54956.8

Property: Parcel Nos. 038-150-002,006,007 & 038-250-014

Agency

Negotiator: Robert Richardson, City Manager

Negotiating

Parties: City of Auburn, Costco, Inc.

Under Negotiation: Price and Terms of Payment

## **REPORT OUT OF CLOSED SESSION**

No reportable action.

## **ADJOURNMENT**

Mayor Holmes, without objection, adjourned the meeting.

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J. M. Holmes, Mayor

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Joseph G. R. Labrie, City Clerk

# **CITY COUNCIL MINUTES**

**February 23, 2009  
REGULAR SESSION**

The Regular Session of the Auburn City Council was held in the Council Chambers, City Hall, 1225 Lincoln Way, Auburn, California on Monday, February 23, 2009 at 6:00 p.m. with Mayor J. M. Holmes presiding and City Clerk Joseph G.R. Labrie recording the minutes.

## **CALL TO ORDER**

## **PLEDGE OF ALLEGIANCE**

## **ROLL CALL:**

**Council Members Present:** Kevin Hanley, Bill Kirby, Bridget Powers, J. M. Holmes

**Council Members Absent:** Keith Nesbitt

**Staff Members Present:** City Manager Robert Richardson, City Attorney Michael Colantuono, Community Development Director Will Wong, Senior Planner Reg Murray, Fire Chief Mark D'Ambrogi, Public Works Director Jack Warren, Engineering Division Manager Bernie Schroeder, Transit Analyst Megan Siren, Administrative Services Director Andy Heath, Police Chief Valerie Harris

## **MAYOR'S COMMENDATIONS/PROCLAMATIONS/ACKNOWLEDGEMENTS/ ANNOUNCEMENTS**

Mayor Holmes stated that he and City Staff were scheduled to meet with the Bureau of Reclamation regarding the canyon property, but the meeting was postponed until March 9, 2009.

Mayor Holmes announced that several job fairs are expected to be held in the Auburn area throughout the next few months.

## **AGENDA APPROVAL**

The agenda was approved as presented by consensus of the Council.

## **CONSENT CALENDAR**

### **1. Appointment to Historic Design Review Commission**

By **RESOLUTION 09-18** ratify the Historic Design Review Commission appointment of Architect Terry Green.

2. **Appointment of Telecommunications Commissioners**

Removed from Consent Calendar for discussion.

3. **Public Works Department Consulting Services Agreement**

By **RESOLUTION 09-20** authorize the City Manager or his designee to execute a Consulting Services Agreement with Jack Warren to provide consulting services related to the delivery of the City's Capital Improvement Plan.

4. **Consultant agreement for Wastewater Consulting**

By **RESOLUTION 09-21** authorize the Director of Public Works to execute the consultant agreement with NexGen Utility Management for Wastewater Consulting.

5. **Wastewater Treatment Plan Operations Contract**

Removed from the Consent Calendar for discussion.

6. **Adoption of Local CEQA Guidelines**

- A. By **MOTION** adopt the following Findings of Fact:
  - 1. The project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and found to be exempt per Section 15308 – Actions by Regulatory Agencies for Protection of the Environment:
  - 2. The Local CEQA Guidelines are consistent with CEQA and CEQA Guidelines; and
  - 3. The Local CEQA Guidelines are consistent with the Auburn General Plan and the public interest, health, safety, and welfare of the City of Auburn.
- B. By **MOTION** introduce and hold a first reading, by title only, of the ordinance to repeal Chapter 151 (Environmental Quality).
- C. By **RESOLUTION 09-22** adopt Local CEQA Guidelines.

7. **Land Use Appeals Ordinance Amendment**

Removed from Consent Calendar for discussion.

\*\*\*\*\* End of Consent Calendar \*\*\*\*\*



By **MOTION** approve the Consent Calendar, consisting of Items 1, 3, 4 and 6. **MOTION: Hanley/Powers/Approved 4:0 (Nesbitt Absent)**

2. **Appointment of Telecommunications Commissioners**

Mayor Holmes explained that the initial resolution was worded incorrectly in that only two appointees were listed. Telecommunications Chair Glenn Tonkin advised that the three suggested appointees were Teresa Schredl, Richard Owens and Paul Mercurio. He said Benjamin Edwards was selected as an alternate.

By **RESOLUTION 09-19** ratify the Telecommunications Commission appointments of Teresa Schredl, Richard Owens and Paul Mercurio.  
**MOTION: Kirby/Powers/Approved 4:0 (Nesbitt Absent)**

5. **Wastewater Treatment Plan Operations Contract**

Public Works Director Jack Warren introduced the item. He advised that an OMI representative Dennis Burrell was present to answer any questions the Council may have. He advised that Mr. Burrell is in charge of many plants in the area. He advised that Mr. Burrell is the person with whom the City has been negotiating regarding OMI's contract which expires July 1, 2009. He said there is still the possibility of preparing a Request for Proposal (RFP) for competitive bids.

Mr. Warren said, depending on Council's direction, the City may be into a construction operation at the existing plant along with its continued consideration of a regional plant. He said it may be a difficult time to change operators. He suggested that for the next three years OMI be retained as the City's contract operator. He said the final negotiated contract would be brought back to the Council. He said the objective is to make certain the wastewater treatment plant is handled in the best possible way.

Council Member Hanley questioned the rationale in shifting from a fixed fee to a percentage of costs, the RFP cost of \$50,000, and review of other local jurisdictions' RFP processes. Council Member Powers suggested that CH2M Hill – OMI attempt to cut their costs. Council Member Kirby stated that \$50,000 sounded reasonable for the cost of an RFP. He said with all the changes occurring at the present time, he would be careful about initiating more changes.

Curt Smith, Auburn resident, suggested that RFP could be created based on the terms of the current contract with OMI.

Council Member Hanley stated that he agreed with Council Member Kirby, that the RFP process is not feasible since the current contract ends in 2009. However, he added that he favors competitive contracting as a policy. He said that in years past the argument was always that "the time was not right" for competitive bids. He said the same argument is currently being presented. He said he would, although he favored extending the current contract, like to start now gathering information from other jurisdictions to prepare an RFP in three years. Council Member Powers concurred with Council Member Hanley.

Council Member Kirby, in agreement with Council Member Hanley, stated that an RFP is a preferred method of contracting. He said that the City has four and one-half months until the contract's expiration in a situation that is in extreme flux. He said the City does not know what the contract should contain in three years.

By **MOTION** direct staff (1) to prepare a final draft of the proposed operations and maintenance contract with CH2M Hill – OMI with a three year extension, and leave it up to staff to decide whether a 13% management fee or some other provision is most beneficial and (2) direct staff to begin work on preparing an RFP for use in three years' time.

**MOTION: Hanley/Powers/Approved 4:0 (Nesbitt Absent)**

7. **Land Use Appeals Ordinance Amendment**

Senior Planner Reg Murray stated that the item is "primarily a clean-up item for the land use section of the Municipal Code." He said in conjunction with the City Attorney, the staff has initiated the language to be consistent with all the provisions in the code. He said the only exception is the provision that allows for a "call for review by a Council Member." He said, procedurally, the City is required to have a fee for appeal process. He said some director's decisions appeals have no fees, due to the nature of the appeal.

Council Member Kirby made the point that the Council is the elected body and is directly responsible to its constituents. He said it would be extremely rare when a Council Member would want to initiate an appeal, but Council should be allowed that latitude in its oversight responsibilities. He said the Planning Commission discussed the issue at length and recommended that the Council initiate the process. He said he supported the Commission's recommendation.

Council Member Hanley opposed the need for a Council Member to call for City Council review. He said Council Members should be totally impartial

impartial judges. He said he felt that the proposed policy would result in neighbors going to Council Members in order to avoid a \$100.00 appeal fee.

Council Member Powers stated that the current system works well for the appeal process. She opposed a call for review by a Council Member.

- A. By **MOTION** adopt the following Findings of Fact:
  - 1. The request is exempt from the provisions of CEQA per Section 15061(b) as an activity with no possibility of having a significant effect on the environment.
  - 2. The Land Use Appeals Ordinance is consistent with the General Plan; and
  - 3. The Land Use Appeals Ordinance is consistent with State law and is the minimum necessary to protect the health, safety and general welfare.
- B. By **MOTION** introduce and hold a first reading, by title only, of the Land Use Appeals Ordinance, which amends several sections of the Auburn Municipal Code and adds Chapter 162: Land Use Appeals. **MOTION: Kirby/Motion without a second was not addressed by the Council**
- C. By **AMENDED MOTION** introduce and hold a first reading, by title only, of the Land Use Appeals Ordinance, which amends several sections of the Auburn Municipal Code and excludes Section 162.11, a call for review.
- D. By **RESOLUTION 09-23** adopt a fee for the appeal of a Director's decision.

**MOTION: Hanley/Powers/Approved 3:1 to adopt the findings listed under Point A above, the motion listed under Point C and the Resolution listed under Part D (Absent Nesbitt, No Kirby)**

8. **Public Comment**

None

**REPORTS**

9. **City Council Committee Reports**

Mayor Holmes advised that the Placer County Air Pollution Control District Board of Directors increased the funding available for air pollution control grants to 1.5 million dollars. He said he is hopeful that the City will apply for a grant.

Council Member Powers advised that Arts Commission will report to the Council on March 9, 2009. She said she is assisting the Commission with a 5-year strategic plan. She said the Economic Development Commission has started to meet on a regular basis, every other Tuesday at 4:00 p.m., and will be discussing marketing materials and the "Think Auburn First" program.

Council Member Kirby stated he attended a brief meeting about the economic development situation. He said Council Member Nesbitt brought forward some very good ideas. He said he also attended the meeting of the Cap-to-Cap Water Committee and the Lincoln Basin Project and the Local Regional Sewer Funding will be presented.

#### **INFORMATIONAL Items**

##### **10. Solar Energy Project Update**

Public Works Director Jack Warren stated that last summer an item was presented to the Council to initiate solar projects in the City Hall parking lot, at the airport and the wastewater treatment plant. He said the financial arrangement was a third party arrangement with a firm that would finance the project. He said the financier would in turn negotiate a payment plan with the city that would begin with a rate less than the current PG&E rate. He said eventually the City would have the opportunity to purchase the system.

He said that last year the federal tax credits ran out and AB2466 was approved by the State of California and became effective January 1, 2009. He advised that at this time federal tax credits have been re-authorized. He said at the same time PG&E rebates, that are important to the financial package, have decreased by 15%.

He said AB2466 allowed for any community to develop a solar field within the jurisdiction and did not have to be site specific. He said that it has just been learned that in order to implement AB2466, the local community has to provide the initial capital investment which amounts to millions of dollars. Therefore, this was no longer feasible for the City of Auburn.

Mr. Warren advised that as part of the recent Federal Economic Stimulus Package California cities with less than 35,000 residents may apply to the California Energy Commission for funding. He said more information is

needed from the Federal Government before funding can be requested. He said after speaking with PG& E representatives, he has learned that AB2466 still has to go through the Public Utilities Commission before it becomes a practical alternative for the City. He suggested that the City wait to see if something in the federal package would be of advantage to the City of Auburn.

Mayor Holmes stated that he has been a proponent of a solar project for quite awhile. He discussed with Mr. Warren whether or not an RFP should be initiated at this time for solar projects to serve the airport and the wastewater treatment plant. Mr. Warren advised that what the economic stimulus package holds is an unknown at this time. He said Public Works is prepared to follow Council's direction, but these are not "shovel ready" projects.

Council Member Hanley asked if the three companies that previously made presentations to the Council were still interested in the project. Mr. Warren advised that two are still interested, but he has not spoken with the other in several months. Mr. Hanley discussed the staff recommendation to eliminate City Hall as one of the sites, due to historic design review, with Mr. Warren. Council Member Hanley stated that he and Council Member Nesbitt had proposed the idea in January 2007 and the RFP process should move forward. He asked Mr. Warren for his analysis of whether the proposals are good for the City and evaluation of the cost factors involved.

Council Member Powers said she would support asking for an RFP and request federal funding within the RFP process.

Council Member Kirby said he felt the airport has a great deal of space in leased hangar space. He asked if solar could be placed on those roofs or on the roofs of new hangars to be built. City Manager Richardson advised that they would not be placed on rooftops, but in open space that is available. Mr. Richardson advised that the hangars are privately owned and it would require a vast amount of negotiation to place the City's project on top of privately owned structures. Dr. Kirby recommended placing a clause in new leases that would allow for solar panels on all new units. He did not favor occupying open space.

Mayor Holmes stated that it would take considerable staff time to prepare an RFP.

The consensus of the Council was to move ahead with an RFP as soon as all information is available and that rooftop space at the airport should be fully explored.

## COUNCIL BUSINESS

11. **Auburn Municipal Airport East Area Hangars Ground Lease – James A. Hanson, Attorney, PC, Inc.**

Administrative Services Director Andy Heath asked Council to consider staff's recommendation to approve a ground lease at the airport in the east hangar project area with James A. Hanson, Attorney, PC, Inc.

Mark Machado explained that the lease is the first of several to be brought to Council. He said Mr. Hanson was on a list, met the deposit requirements, and asked to be able to lease an entire row. He said it is Mr. Hanson's intention to subdivide into five individual hangar bays. At that time he will have the option of assigning the lease to an association of individual hangar bay owners. He said the lease is for forty years and the privately held improvements become the property of the City at the termination of the lease. He said the terms of the lease allow only for storage of the aircraft.

By **RESOLUTION 09-24** authorize the City Manager or his designee to execute a 40-year ground lease between the City of Auburn, A municipal Corporation, and James A. Hanson, Attorney, PC, Inc. a California Corporation. **MOTION: Hanley/Powers/Approved 4:0 (Absent Nesbitt)**

12. **Wastewater Treatment Plant Upgrade Project/Regional Wastewater Project**

Public Works Director Jack Warren introduced Dan Rich and Michael Harrison, primary designer of the ultraviolet disinfection system for the onsite wastewater treatment plant project. He said the City has continued with design onsite to comply with waste discharge requirements in the time schedule. He said the City is on schedule to stay in compliance without fines or penalties if the City proceeds with the onsite project.

Mr. Warren advised that the Economic Stimulus Package for wastewater projects is providing monies only to the State Revolving Fund (SRF), Division of the Regional Water Quality Control Board. He said in the past small communities have stayed away from SRF because it is onerous and time consuming and really geared to large communities. He said now the Regional Board promises changes its process, making it easier for application by small communities. He advised that the City will not know where its project lies on the project tentative list with the Regional Board until the end of June. He said that if the City waits until that time, it will be six months into penalties. He said the only alternative is to lobby, once again, the Regional Board to extend the City's deadline to include an

additional construction season. He said fines and penalties could be weighed against the possibility of State funding.

Council Member Hanley had questions regarding the financing of the onsite plant, Federal law regarding advertising for bids for Federally funded projects, and the amount of Federal monies to California for wastewater projects.

Council Member Powers inquired about fines. Mr. Warren advised that they are \$3000.00 per violation and there is no way to predict how many violations will occur. He said if the City contracted for the on-site project, authorized for design by the Council, it would cost substantially less than \$10,000,000.00. Funding options were discussed.

Mayor Holmes stated that the recommendation is clear that the City continue the engineering design for the upgrade for the local plant. He said if the City advertises for that, it may make the City ineligible for other funding. He said, although discussion needs to be continued, in his opinion the Placer Nevada Wastewater Authority has diminished in its effectiveness. He said he will support the recommendation with the caveat that the City needs to be careful in its discussion with the Placer Nevada Wastewater Authority.

Council Member Hanley agreed with Mayor Holmes and added that he does not mind continuing to discuss the regional option. He said a lot of consideration has already been given to the regional plant and funding for it. He said, although the regional plant may be a future solution, the City needs to continue with the local plant upgrade. He recommended deferring advertising until the March 23<sup>rd</sup> meeting to utilize the added time to see if any other opportunities are available. Council Member Powers concurred.

Council Member Kirby stated that the regional plant is the best solution, but does not seem viable at this point. He said the Regional Board has agreed to work with the City. He felt, if the City waited until July to find out what may be available in terms of funding, fines probably would not be levied. He said the City needs to go ahead with the plant upgrade and keep all options open in the event funding becomes available.

By **RESOLUTION 09-25**,

- A. Continue engineering design of onsite improvements to the wastewater treatment plant; and

- B. Direct staff to defer advertising until after the Council meeting of March 23, 2009 of the onsite improvements to the wastewater treatment plant; and
- C. Continue working with the Placer Nevada Wastewater Authority regarding the Regional Wastewater Treatment Project.

**MOTION: Powers/Hanley/Approved 4:0 (Nesbitt Absent)**

**ADJOURNMENT**

Mayor Holmes, without objection, adjourned the meeting at 7:54 p.m.

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J. M. Holmes, Mayor

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Joseph G. R. Labrie, City Clerk



## **CITY COUNCIL MINUTES**

**March 4, 2009  
SPECIAL SESSION**

The Regular Session of the Auburn City Council was held in the Council Chambers, City Hall, 1225 Lincoln Way, Auburn, California on Wednesday, March 4, 2009 at 6:00 p.m. with Mayor J. M. Holmes presiding and City Clerk Joseph G.R. Labrie recording the minutes.

### **CALL TO ORDER**

### **PLEDGE OF ALLEGIANCE**

### **ROLL CALL:**

**Council Members Present:** Keith Nesbitt, Kevin Hanley, Bill Kirby, Bridget Powers, J. M. Holmes,

**Council Members Absent:** None

**Staff Members Present:** City Manager Robert Richardson

### **PUBLIC COMMENT**

None

By **MOTION** adjourn to a Closed Session under Government Code Section 54957:6 **MOTION: Hanley/Nesbitt/Approved by Voice**

#### **(1) CONFERENCE WITH LABOR NEGOTIATORS**

Agency Designated Representatives: Robert Richardson  
Employee Group: All Bargaining Units

#### **(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR**

G.C. 54956.8

Property: Parcel Nos. 038-150-002,006,007 & 038-250-014

Agency

Negotiator: Robert Richardson, City Manager

Negotiating

Parties: City of Auburn, Costco, Inc.

Under Negotiation: Price and Terms of Payment

### **REPORT OUT OF CLOSED SESSION**

No reportable action.

## ADJOURNMENT

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J. M. Holmes, Mayor

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Joseph G. R. Labrie, City Clerk



## Report to the Auburn City Council

Action Item

Agenda Item No. 2

City Manager's Approval

**To:** Mayor and City Council Members  
**From:** Jack Warren, Director of Public Works/City Engineer  
**By:** Bernie Schroeder, Engineering Division Manager  
**Date:** March 23, 2008  
**Subject:** Diesel Smog Retrofit – Sewer System Maintenance Equipment

### The Issue

Shall the City continue its effort to maintain compliance with the new diesel emission regulations by retrofitting the sanitary sewer collection system cleaning equipment?

### Conclusions and Recommendation

Staff recommends that City Council, by **RESOLUTION**, authorize the purchase of a replacement front and rear auxiliary engine and particle trap for the 1997 sewer vactor vehicle.

### Background

The City operates all of its diesel burning engines under permit by the Placer County State Air Resources Control Board. In order to remain in compliance with the State Air Resources Control Board the City is required to implement a retrofit program for our fleet that will meet the December 31, 2009 date for diesel equipment to be changed to cleaner burning engines. A copy of the City's Fleet Compliance Schedule is also attached for the Council's reference. The other option is that any equipment not meeting these regulations must be taken out of service. There were a total of three phases to the retrofit project for the PW#72-1997 Vactor. The first one was repowering of the front auxiliary engine. The second phase is repowering the rear auxiliary engine and the third is installation of a particle trap on the front engine. The City Staff has anticipated this program and budgeted \$64,000 in the Sewer Enterprise Fund to cover these expenditures.

The sewer vactor truck is used to clean and maintain the sewer collection and storm drain systems.

Attached is the proposed replacement equipment requested with specifications and cost of repowering (retrofitting). In addition, The City's Lead Mechanic has provided his recommendation regarding this retrofit project. Multiple bids were solicited and evaluated as part of staff's recommendation.

### Alternatives Available to Council; Implications of Alternatives

1. Authorize the purchase of the replacement equipment.
2. Take no action.

### Fiscal Impact \*

Funding for this purchase is reflected in the 2008-2009 Sewer Fund #11 under Capital Projects, Vactor Truck Repower with an original budget of \$64,000. The actual costs for all of the necessary work will not exceed \$50,000.

### Budget Reference

2008-09 Approved Operating Budget, Sewer Enterprise Fund #11 –Capital Expenditure (Vactor Truck Repower) Pages 60-61.

### Attachments:

March 13, 2009 Memo from Curtis Simpson, Lead Mechanic  
Resolution for Purchase and Compliance Schedule



# *Memorandum*

City of Auburn  
Public Works Department

**To:** Bernie Schroeder  
**From:** Curtis Simpson  
**Date:** 3/13/09  
**Subject:** # SEW-4 Diesel smog retrofit program

As directed by Andy Heath I've bundled this cover sheet with several current bids that will explain along, with giving costs, the necessity of finishing the last two steps of the retrofit process on our 1997 sewer Vactor (SEW-4). When finished the truck will be in compliance with all the new diesel emission regulations and can be used after December 31 2009. According to the rules in place today this unit will be in compliance for the foreseeable future.

The current permit for the existing auxiliary diesel engine on this truck expires on December 31 2009 and to reregister it requires us to upgrade to a tier 3 engine.

In order for the City of Auburn to stay on schedule in our efforts to comply with the mandate state wide diesel particulate emissions standards we must retrofit the newly installed propulsion engine with a particle trap similar to the one we installed on P.W. 40 (1993 GMC dump truck).

I've included two bids from Sacramento firms that furnish parts and do installations on the particle traps. I think it wise to have Cummins West install the Cleire Air Vista particle trap because they installed the replacement propulsion engine. This would avoid any possible warranty conflict and the quote was slightly cheaper than the one from A to Z Bus.

Also included are two bids for the replacement auxiliary engine. I propose that we go with Valley Powers proposal. The current engine on SEW-4 is a Perkins diesel which has preformed well. My experience with Perkins diesels in the past has been good. So I have no reservations about going with their lower bid.

Curtis Simpson Lead Mechanic.



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Phone (916) 372-5078  
Fax (916) 372-2721

**City of Auburn, Public Works Account # 004690**  
**Attn: Curt Simpson**

Labor Rate	=	\$115.00
Sales Tax	=	7.25%

If approved, please sign & return fax. Thank you.



**Cummins West, Inc**

875 Riverside Parkway 916.371.0630(main)  
West Sacramento, CA 95605 916.371.2849(fax)  
Robert Bumgardner 510-715-8911(cell)

Date: 0-0-2009

Invoice number:

**Quote**

Comment:

**Customer name:**

City Of Auburn  
11500 Blocker Dr.  
Auburn CA 95603

**Customer bill to:**

Same

**Customer P.O.**

Contact: Curtis Simpson  
Tel: 530-823-4206  
Fax:

Model year/make

Model/body/tractor

Vehicle ID number ("VIN")

Engine Mfr/Model

Engine serial number/year

License number

Fleet ID number

Add'l Information:

EPA Family #

**Project description:**

Purchase of Cleaire "Vista" emission Control  
Device, installation parts kit and installation labor to install.

####

Will need to view units to verify labor hours..

Line	Qty	UOM	Item description	Unit Price	Labor	Extended Price - Parts	Total Line Item
1	1.00	each	Cleaire "Vista" Emission Control Device	14,950.00		14,950.00	\$ 14,950.00
2							
3	1.00	each	Vista installation parts kit	600.00		600.00	600.00
4	24.00	hours	Installation labor	119.00	2,856.00		2,856.00
5			Cleaire "Vista" Emission Control				
6							
7							
8							
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PARTICLE TRAP  
for front engine

Total parts	\$ 15,550.00
Total labor	\$ 2,856.00
Total transportation	\$
Subtotal	\$ 18,406.00
Sales tax: 7.75%	\$ 1,205.13
Grand total:	\$ 19,611.13
Customer acceptance:	

**A-Z BUS SALES, Emissions Solutions Group**  
**3418 52nd Ave**  
**Sacramento, Ca. 95823**

Requested From: <b>Kirk/Curtis Simpson</b> Date: <b>10/16/2008</b> Phone: <b>530-823-4206</b> Fax: <b>530-823-4280</b>		Quotation From: <b>Chris W. Dutton</b> Date: <b>10/16/2008</b> Phone: <b>916-399-2911</b> Fax: <b>916-399-2661</b> Email: <b>cdutton@a-zbus.com</b>			
Customer Information - Name: <b>City of Auburn</b> Address: <b>11500 Blocker Dr Auburn CA 95603</b> Cell #: _____ e-mail: <b>csimpson@auburn.ca.gov</b>					
Vehicle Information - Body: _____ Chassis: _____ Engine: _____ Transmission: _____ Suspension: _____ Other: _____					
1997 Ford Cummins 8.3	1	Huss	\$17,261.00	\$3,500.00	\$ 20,761.00
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
Sub-totals			\$17,261.00	\$3,500.00	\$ 20,761.00
Placer County				Freight	\$ 50.00
				Tax	\$ 1,251.42
Grand total					\$ 22,062.42

\*All quotations good for 90 days.

*particle  
Trap - Front  
engine  
2nd Bid*

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RESOLUTION NO. 09-  
DISEL SMOG RETROFIT – SEWER SYSTEM MAINTENANCE EQUIPMENT

-----

THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn does hereby authorize the purchase of a replacement front and rear auxiliary engines and particle trap for the 1997 sewer vector equipment.

DATED: March 23, 2009

\_\_\_\_\_  
J. M. Mike Holmes, Mayor

ATTEST:

\_\_\_\_\_  
Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify that the foregoing resolution was duly passed at a regular meeting of the City Council of the City of Auburn held on the 23<sup>th</sup> day of March 2009 by the following vote on roll call:

Ayes:  
Noes:  
Absent:

\_\_\_\_\_  
Joseph G. R. Labrie, City Clerk



## COMPLIANCE SCHEDULE

City of Auburn

California Code of Regulations  
Title 13, Section 2022.1(f)





## *Report to the Auburn City Council*

Action Item
Agenda Item No. 3
City Manager's Approval

**To:** Honorable Mayor and City Council Members  
**From:** Robert Richardson, City Manager  
Andy Heath, Administrative Services Director  
**Date:** March 23, 2009  
**Subject:** Auburn Municipal Airport East Area Hangars Ground Lease – Auburn East Hangars Row “Alpha” Owners, an Unincorporated Association

### *The Issue*

Shall the City Council approve a ground lease at the Auburn Municipal Airport between the City of Auburn and Auburn East Hangars Row “Alpha” Owners, an unincorporated association, as it relates to the build-out of the East Area Hangar Project – Row “Alpha”, and authorize the execution of all related documents?

### *Conclusions and Recommendations*

By **RESOLUTION**, authorize the City Manager or his designee to execute a 40-year ground lease between the City of Auburn, a Municipal Corporation, and Auburn East Hangars Row “Alpha” Owners, an unincorporated association.

### *Background*

On May 27, 2008, the City Council approved standard Master Land Lease and Airport Hangar Sublease forms and established a Ground Lease Rental Rate of \$0.465 per square foot / year (as amended on June 9, 2008) as they relate to the Auburn Municipal Airport East Hangar Project. Subsequent to the council’s approval of the lease forms and rental rates, the City has received approximately \$500,000 in construction deposits from parties interested in moving forward with Phase I of the East Hangar Project build-out.

As a means to commence the building phase for Row “Alpha” of the East Hangar Project, the City has completed negotiations with Auburn East Hangars Row “Alpha” Owners, an unincorporated association (“Association”). Michael E. Sullivan is a member of the Association and has agreed to be the City’s primary contact with respect to all future tenants occupying hangars in Row “Alpha”. Mr. Sullivan will work closely with City staff and the City’s Airport consultant, Mark Machado, during the development and construction phase, expected to begin within the next few months.

**Analysis**

The land lease between the City and the Association shall commence once the lease is approved by the City Council and shall remain in effect for a period of forty (40) years. The rent for the land lease will commence with the date a building permit is issued for the Row "Alpha" Hangar Project or one hundred fifty (150) days after City Council approval of the lease, whichever is earlier. The initial lease rate will be \$0.465 per square foot per year, the amount approved by the City Council in May 2008.

The lease rate will be adjusted annually by the change in the Consumer Price Index (CPI) but will not, however, be adjusted below the \$0.465 noted above. At the request of either party to the lease, a Fair Market Rental Value analysis may be considered every fifth year, at which time lease rates will be adjusted consistent with relevant criteria. Airport Fund lease revenues generated pursuant to the lease agreement for Row "Alpha" will be \$5,898.06 during the first year.

**Alternatives Available to Council; Implications of Alternatives**

1. Adopt a resolution authorizing the City Manager or his designee to approve a ground lease at the Auburn Municipal Airport between the City of Auburn and Auburn East Hangars Row "Alpha" Owners, an unincorporated association as it relates to the build-out of the East Area Hangar Project – Row "Alpha", and authorize the execution of all related documents.
2. Do not adopt a resolution and direct staff accordingly.

**Fiscal Impact**

Execution of the land lease between the City and the Association will result in \$5,898.06 additional lease revenue for the Airport Fund during the first year of the lease. Annual lease amounts will be adjusted by upward changes in CPI and subsequent to Fair Market Rental Value analysis, if requested, every five years.

Exhibit A – Auburn Municipal Airport Ground Lease – East Area Hangars – Row "Alpha"

Exhibit B – Constitution of Auburn East Hangars Row "Alpha" Owners, an Unincorporated Association

Exhibit C – Bylaws of Auburn East Hangars Row "Alpha" Owners, an Unincorporated Association

RESOLUTION NO. 09-

RESOLUTION APPROVING A 40-YEAR GROUND LEASE AT THE AUBURN  
MUNICIPAL AIRPORT BETWEEN THE CITY OF AUBURN AND AUBURN EAST  
HANGARS TOW "ALPHA" OWNERS, AN UNINCORPORATED ASSOCIATION

-----  
THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn does hereby authorize the  
City Manager or his designee to execute a 40-year ground lease at the Auburn  
Municipal Airport between the City of Auburn, a Municipal Corporation, and  
Auburn East Hangars Row "Alpha" Owners, an Unincorporated Association.

DATED: March 23, 2009

\_\_\_\_\_  
J.M. Holmes, Mayor

ATTEST:

\_\_\_\_\_  
Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby  
certify that the foregoing resolution was duly passed at a regular meeting of  
the City Council of the City of Auburn held on the 23<sup>rd</sup> day of March, 2009 by  
the following vote on roll call:

Ayes:

Noes:

Absent:

\_\_\_\_\_  
Joseph G. R. Labrie, City Clerk



## AUBURN MUNICIPAL AIRPORT GROUND LEASE

## EAST AREA HANGARS – ROW “ALPHA”

(City of Auburn as Lessor)

(Auburn East Hangars Row “Alpha” Owners, Lessee)

SUMMARY OF  
GROUND LEASE

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## EXHIBITS

EXHIBIT A	-	DESCRIPTION OF THE PREMISES
EXHIBIT B	-	MAP
EXHIBIT C	-	FAA REQUIREMENTS

AUBURN MUNICIPAL AIRPORT GROUND LEASE  
EAST AREA HANGARS – ROW "ALPHA"

This Lease, made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_ (the "**Commencement Date**"), by and between the City of Auburn, a Municipal Corporation ("**City**" or "**Lessor**"), and Auburn East Hangars Row "Alpha" Owners, an unincorporated association ("**Lessee**").

Recitals

**A. WHEREAS:** City owns and maintains an airport, comprised of several parcels of real property located in the City, commonly known as the Auburn Municipal Airport, together with improvements and appurtenances consisting of equipment, aprons, taxiways, runways, approaches, buildings and structures located upon said real property, and certain aviation rights (herein "**Airport**" or "**Airport Property**").

**B. WHEREAS:** This Lease relates to that certain parcel of unimproved real property located in the City, commonly known as the Auburn Airport East Area Hangars Row "Alpha," a part of Assessor Parcel Number 052-190-045-000, and more particularly described on **Exhibit "A"** attached hereto and incorporated herein by reference (the "**Premises**").

**C. WHEREAS:** Lessor intends (i) that City approved aircraft hangars (herein "**Hangar**" or "**Hangars**"), suitable for the storage and parking of aircraft individually owned by Hangar sub-Lessees, be constructed upon the Premises, (ii) that all costs of such construction be borne by the Lessee or its subtenant, and not the City, (iii) that the hangars shall serve as an accommodation to the users of the airport, and ultimately (iv) that the ownership of the hangars will revert to the City at the termination of this Lease.

**D. WHEREAS:** Lessee desires:

- (i) To enter into this ground lease to lease the aforesaid Premises; and,
- (ii) To promptly commence construction of the aforesaid Hangars, and to diligently prosecute such construction to completion.

For and in consideration of the mutual covenants hereof, City hereby leases to Lessee and Lessee hereby hires from City the Premises upon the terms and conditions hereinafter set forth.

## **I. Premises**

1. The leased Premises ("**Premises**") consist of real property being a portion of the Auburn Municipal Airport (the "**Airport**"), particularly described and shown on the Legal Description, **Exhibit A**, and Map, **Exhibit B**, made part of this Lease. The Premises are located on the ground by property boundary pins placed by City in conformance with the legal description. After the Commencement Date it shall be the responsibility of the Lessee to maintain the boundary pins for the full term of this Lease.

2. Said Premises consist of that portion of the parcel of real property which the aforesaid Hangars will physically occupy (herein "**Footprint**") as defined by the outer perimeter of the Hangars and any overhanging eaves or structures attached thereto, together with the remainder of the demised Premises that lies without said Footprint, which, for all purposes, shall remain as non-exclusive common area for the benefit of all users of the airport, and shall be denominated herein as "**Premises Common Area**".

3. In conjunction with, and as a part of this Lease, Lessor hereby grants to Lessee the non-exclusive right to use, during normal business hours and at all reasonable times, and for the intended purposes, the specified areas indicated on the Airport site plan which are normally open to and usable by members of the public, including but not limited to aprons, taxiways and runways, all subject to all Airport rules and regulations (herein "**Airport Common Area**"). It is the intent of the parties herein that the aforesaid Premises Common Area be a part of the Airport Common Area, for all purposes, including but not limited to rights-of-way for public ingress and egress, as well as rights-of-way for all underground utilities. Lessor reserves unto itself, for itself and for the benefit of the public and all airport users, all rights in and to the aforesaid Premises Common Area not otherwise specifically granted to Lessee herein.

4. In conjunction with, and as a part of this lease, Lessor hereby grants to Lessee for the duration of this lease unless sooner terminated, rights in and to the Airport Common Area, consisting of (a) a non-exclusive utility right-of-way reasonably necessary and convenient to provide utilities for the operation and maintenance of Lessee's improvements and equipment, and (b) a non-exclusive right-of-way for ingress and egress reasonably necessary and convenient to construct the aforesaid improvements, and (c) a non-exclusive right-of-way for ingress and egress reasonably necessary and convenient to store, operate, and maintain the aircraft and related equipment stored on the Premises. The location of said rights of way shall become fixed upon construction of the improvements contemplated herein.



5. In conjunction with, and as a part of this Lease, Lessor hereby grants to Lessee the right to construct improvements upon the Premises consisting of City approved, aircraft storage Hangars, together with other usual and necessary related improvements, as approved by Lessor, including but not limited to necessary and convenient approach aprons and other aircraft related structures, but not including fueling facilities.

6. Notwithstanding paragraph 50 below, Lessee shall neither have nor acquire any right, to remove, destroy, dismantle, disassemble or otherwise compromise the physical structure of the Hangars constructed or to be constructed as contemplated hereunder, or any other permanent structure on or improvement to the Premises. Neither shall Lessee have any right to sell, transfer, assign, sub-lease nor in any manner alienate any interest in the structure of the Hangars or any permanent structure on or improvement to the Premises, except to the extent Lessee shall have the right to sell, transfer, assign or sub-lease its interest in this Lease as such right is set forth in paragraphs 28 through 36 below.

7. Lessor covenants that Lessor is seized of good and sufficient title and interest to the Premises. Lessor Covenants that Lessee shall peaceably and quietly enjoy all of the Lease rights herein granted.

## **II. Use & Inspection**

8. Lessee's use of the Premises shall be specifically limited to (i) the construction of the aforesaid improvements, (ii) storage of private aircraft, (iii) access to, and use of airport facilities such as taxiways and runways, and (iv) related activities such as routine maintenance and repair of the resident aircraft; but not for the use of retail space, and not for the maintenance and repair of non-resident aircraft.

9. Lessee shall not use the Premises, or permit anything to be done in or about the Premises, which will in any way conflict with any law, statute, ordinance or governmental rule, regulation or guideline now in force or which may hereafter be enacted or promulgated. Lessee shall comply with the licensing and permit requirements of any and all federal, state, municipal or local authorities, and shall at all times comply with all federal, state, municipal or local statutes, ordinances, laws, rules, regulations and guidelines.

10. Lessor shall be given access to the Premises and all structures thereon, and shall be permitted to enter and inspect the Leased Premises and structures thereon at any and all reasonable times.

### III. Term

11. The term of this Lease shall commence on the Commencement Date, and shall remain in effect until the fortieth (40<sup>th</sup>) anniversary of the Commencement Date unless terminated as provided below.

12. [Reserved].

13. Provided however, that (a) if Lessee shall not have commenced construction of the Hangars as contemplated herein within one hundred eighty (180) days after the Commencement Date, or (b) if Lessee shall not have completed the construction of the Hangars as contemplated herein by the first anniversary of the Commencement Date, then in either of these events, Lessor shall have the unilateral right to terminate this Lease and all extensions hereto upon sixty (60) days' notice of such failure to so commence or complete said construction.

14. Provided further, that if Lessee shall have properly and timely completed construction of the Hangars as contemplated in the preceding paragraph 13, then upon demand therefore, Lessor shall promptly execute a certification of compliance or an estoppel certificate evidencing such completion of construction by Lessee.

15. Provided finally, Lessee shall have the unilateral right to terminate this Lease at any time, provided that six (6) months prior notice is first given to Lessor.

### IV. Rent

16. Rent ("**Rent**") in consideration for the Lease of the Premises described herein shall be payable annually in advance on each anniversary of the Commencement Date and continuing annually thereafter, as adjusted below. For the first Lease year, no Rent shall be payable for the period (the "**Free Rent Period**") from the Commencement Date until the earlier of (a) the date a building permit is issued for the Hangars or (b) one hundred fifty (150) days after the Commencement Date. Within ten (10) days after the expiration of the Free Rent Period, Lessee shall pay to Lessor Rent in an amount equal to the Annual Rent times the number of days remaining from the expiration of the Free Rent Period until the first anniversary of the Commencement Date divided by 365. Thereafter, the Annual Rent shall be paid and received by Lessor on or before the 10th day after each anniversary of the Commencement Date, or be late. At Lessor's election, the Annual Rent may be payable on the first day of the first calendar month following the first anniversary of the Commencement Date, and annually thereafter. Upon such election, in addition to the Annual Rent, Lessee shall pay Rent attributable to the number of days from the first anniversary of the Commencement Date until first day of the following month. Following thirty (30) days written notice of default in the payment of Rent, a late charge shall be due in the amount of ten percent (10%) of the rent then remaining unpaid.

17. The calculation of Rent for each calendar year shall utilize the following terms:

a. Base Year: The Base Year shall be the first year of each five-year adjustment period, commencing on the Commencement Date and every fifth anniversary of the Commencement Date thereafter.

b. Base Year CPI: The Base Year CPI (see § 20, below) shall be the most recently available CPI as of the Commencement Date and every fifth anniversary of the Commencement Date thereafter. As an example, as of May 1, 2008, the most recently available CPI is the CPI for February 2008.

c. Base Year Rent: Initially, the Base Year Rent is the Rent set forth at Section 18.c. below; thereafter, the Base Year Rent is the Annual Rent determined by a Fair Market Rental Value adjustment, if requested by either party, or if not requested by either party, the annual Rent as of each fifth anniversary of the Commencement Date.

d. Annual Rent: The actual Rent due on the Commencement Date (not taking the Free Rent Period into account) and on each anniversary of the Commencement Date thereafter.

18. Commencing for the Base Year:

a. The Base Year shall be the year commencing on the Commencement Date.

b. The Base Year CPI shall be the most recently available CPI as of the Commencement Date.

c. The Base Year Rent shall be based upon the actual square footage of the hangar Footprint times the base rental rate of \$0.465/ sq. ft./ year, initially estimated to be Five Thousand Eight Hundred Ninety-Eight and 06/100 Dollars (\$5,898.06) per year. (12,684 sq.ft. x \$0.465/ sq. ft./ yr = \$5,898.06/ yr.) This Base Year Rent (\$5,898.06) shall be adjusted for the actual square footage of the Footprint as constructed or planned to be constructed. Provided however, that said rental adjustment shall not be adjusted downward.

d. The initial Annual Rent (not taking into account the Rent abated during the Free Rent Period) shall be the Base Year Rent, to wit \$5,898.06).

19. A new Base Year shall be established on every fifth anniversary of the Commencement Date:

a. The lease year commencing on each fifth anniversary of the Commencement Date shall become the new Base Year.

b. The Base Year CPI shall be changed to the most recently available CPI for the Commencement Date of the new Base Year.

c. At the request of either party, the Base Year Rent shall be set to the Fair Market Rental Value, as determined below (see §§ 24 through 27); if neither party requests a Fair Market Rental Value adjustment, then the Base Year Rent shall be the prior year's Annual Rent adjusted for the increase in CPI.

d. The Annual Rent for the new Base Year shall be the newly set Base Year Rent.

## **V. CPI Adjustment**

20. CPI shall mean the Consumer's Price Index – California, All Urban Consumers, for the California area, published by the Bureau of Labor Statistics of the United States Department of Labor (All Items, 1982-1984 = 100). (See <http://www.dir.ca.gov/DLSR>.)

21. If the "base year" for the CPI tables is changed, then the CPI calculation shall be made utilizing the appropriate conversion factor(s) published by the U.S. Department of Labor, Bureau of Labor Statistics (or successor agency) to equate the new tables to the base year of the CPI herein specified. If no such conversion factor is published, the parties shall, if possible, make the necessary calculation to achieve such conversion in a manner that shall avoid any compounding effect. If such conversion is impossible, or if the publication of the CPI is discontinued, or if the basis of calculating the CPI is materially changed, CPI shall mean comparable statistics on the cost of living as computed by an agency of the United States Government performing a function similar to the Bureau of Labor Statistics, or, if none, by a substantial and responsible periodical or publication of recognized authority most closely approximating the result which would have been achieved by the CPI.

22. For each year of this Lease except for a Base Year for which a party has requested a Fair Market Rent Value adjustment, the Annual Rent shall be adjusted annually to an amount that bears to the Base Year Rent in the same proportion as the most recently available CPI for the current anniversary of the Commencement Date bears to the Base Year CPI. In the event the CPI shall decline for a given year, the adjusted Annual Rent shall not be reduced from the preceding year's Annual Rent, but instead shall remain unchanged. Lessor shall give Lessee thirty (30) days notice of the adjusted Annual Rent. If a dispute arises between Lessor and Lessee concerning the adjustment pursuant to this Section V, it shall be resolved by mediation/arbitration under the provisions of Article XXIV.

23. By example, assume the Commencement Date is October 1, 2005, and the most recent CPI available is for the prior June:



Annual Rent Oct 1, 2006 = Base Year Rent 2005 x CPI June 2006/CPI June 2005

Assume:

Base Year Rent = \$1,000.00

CPI June 2005 = 300

CPI June 2006 = 306

CPI June 2007 = 302 (negative CPI)

CPI June 2008 = 318

CPI June 2009 = 318 (no change)

Then:

Annual Rent Oct 1, 2005 = \$1,000.00 (Annual Rent = Base Year Rent)

Annual Rent Oct 1, 2006 = \$1,000.00 x (306/300) = \$1020.00

Annual Rent Oct 1, 2007 = \$1,000.00 x (302/300) = \$1020.00 (no reduction)

Annual Rent Oct 1, 2008 = \$1,000.00 x (318/300) = \$1060.00

Annual Rent Oct 1, 2009 = \$1,000.00 x (318/300) = \$1060.00 (no change)

## **VI. Fair Market Value Adjustment**

24. Effective every Base Year commencing on the fifth anniversary of the Commencement Date, and continuing thereafter for the tenth, fifteenth, twentieth, twenty-fifth, thirtieth and thirty-fifth anniversaries of the Commencement Date (each such anniversary, an "Adjustment Date"), at the request of either party, the Annual Rent shall be adjusted to correspond with the Fair Market Rental Value ("FMRV") of the Premises.

25. The Fair Market Rental Value shall be established according to the following standards:

FMRV shall be the then current fair market value of Rent for the Premises as of that Adjustment Date, excluding the value added to the fair market value of Rent by virtue of the construction by Lessee of the Hangar.



The FMRV shall be established according to the rental rates at which tenants lease comparable land for similar purposes at comparable general aviation airports, at the time of the adjustment. Comparable general aviation airports are: Nevada County, Placerville, Georgetown, Columbia, Truckee, Marysville and Lincoln. Should one or more of the listed airports cease operations or not have a comparable facility, a FAA classified comparable airport lying Northerly or Easterly of Sacramento shall be substituted in its place.

The FMRV for comparable land shall not be established by a simple averaging of rental rates, but shall be weighted in comparison to the Auburn Municipal Airport to reflect relative size, the population served, the amount of air traffic, the commercial value of air traffic, the supporting and surrounding commercial development and its value, and such other factors as shall fairly compare the rental rates at each respective airport.

26. In the event the parties are unable to establish by agreement what sum represents the FMRV of the Premises, it shall be determined as follows:

Within 15 days after the Adjustment Date the parties shall select a licensed appraiser, or a licensed and practicing real estate broker, who must have at least 10 years experience and be familiar with Placer and surrounding counties. Within 15 days after selection of such neutral, each party shall submit to the neutral its determination of the FMRV together with the assumptions, calculations, methods and comparables underlying its determination. Within 15 days after receipt of both parties' determination of FMRV the independent realtor shall select one of the party's determination of FMRV, and that shall be the FMRV as of the Adjustment Date. The independent realtor shall not recalculate FMRV, nor select an FMRV between the two parties' determinations; the only authority of the independent realtor is to choose one of the parties' determination of the FMRV. The parties shall bear the cost of the independent realtor equally.

27. Provided however, that if neither party requests a FMRV adjustment prior to a new Base Year, then the Annual Rent for the new Base Year shall be the Annual Rent for the prior year adjusted in accordance with the provisions of §§20 through 23, CPI Adjustment, above.

## **VII. Assignment and Sub-Lease**

28. Lessee shall not be permitted to sell, transfer, assign or sub-lease, in whole or in part, any interest in this Lease or in Lessee's rights hereunder, without first having received the written consent of the Lessor, which consent to such sale, transfer, assignment, sub-lease or other transfer shall not unreasonably be withheld, delayed or conditioned.



29. As a reasonable condition of such consent, Lessor shall not be obligated nor required to release Lessee from all or any of its obligations and duties hereunder.

30. As a further and reasonable condition of such consent, Lessee shall demonstrate by clear and convincing proof of the creditworthiness of the purchaser, transferee, assignee or sub-lessee (herein "**Assignee**"), and of the ability of said Assignee to assume the financial, regulatory, administrative and enforcement requirements of this lease, and to respond to all liabilities of Lessee hereunder contemplated.

31. Notwithstanding the foregoing, and as a further and reasonable condition of such consent, Lessor may require that said Assignee shall execute a written assumption of this Lease wherein Assignee shall assume each and every covenant of this lease, shall be bound to each and every term and condition hereof, and shall discharge each and every obligation imposed hereunder.

32. In the event of any such sale, transfer, assignment or sub-lease, Lessor shall not be obligated nor required to release Lessee from all or any of its obligations and duties hereunder, and unless so released in writing, Lessee shall continue to remain obligated under all covenants and conditions of this Lease. Any such sale, transfer, assignment or sub-lease shall not be valid unless the purchaser, transferee, assignee or sub-lessee shall first assume in writing, all obligations of Lessee under this Lease.

33. Any sale, transfer, assignment or sub-lease in violation of the foregoing paragraphs 28 through 32, shall be for all purposes a default hereunder and a material breach hereof, and shall be cause for termination of this lease and forfeiture of all right, title and interest hereunder or otherwise, without notice.

33.5 Should a dispute arise with respect to a sale, transfer, assignment or sub-lease and the interpretation of this Article VII, Lessor and Lessee agree that Article XXIV (Mediation/Arbitration) shall apply.

#### **VIII. Hangar Sub-Leases**

34. Lessee shall not be permitted to enter into separate Hangar Sub-Leases with any person or entity without first having obtained Lessor's written approval of the form of the proposed Lessee/Sub-lessee sub-lease, and without first having received the written consent of the Lessor through the City Manager of the City of Auburn or his or her designee (the "**City Manager**"), which approval and consent to such Hangar Sub-Lease shall not unreasonably be withheld, conditioned or delayed.

35. As a reasonable condition of such consent, Lessor shall require substantial and continued compliance with, and proof of, the following:

- a. The identity of the hangar Sub-Lessee, including but not limited to the name, address and telephone number of the hangar Sub-Lessee, as well

as such other information related to the ownership, maintenance and operation of the aircraft as may reasonably be required by Lessor or by the Federal Aviation Administration (Herein "FAA");

- b. The identity of all resident aircraft to be stored in the sub-leased hangar, including but not limited to the owner's name, registration number, make, model and year of the aircraft;
- c. Proof of all Premises and residence aircraft insurance as required by the City of Auburn, the Auburn Airport and/or by the FAA;
- d. The express written agreement between the Lessee and the Hangar Sub-Lessee that the Hangar Sub-Lessee will comply with all of the requirements sought to be imposed upon the Hangar Sub-Lessee by this Lease, and will cooperate with Lessee in Lessee's compliance with all of the requirements imposed upon the Lessee by this Lease; and,
- e. The ability of the Hangar Sub-Lessee to assume the financial, regulatory and administrative requirements sought to be imposed under this lease upon the Hangar Sub-Lessee, and to respond to all liabilities of sub-lessee hereunder contemplated.

36. If any Hangar Sub-Lessee shall be in violation of the foregoing paragraphs 34 and 35, such violation shall be considered for all purposes a default hereunder and a material breach hereof, and shall be cause for termination of this lease and forfeiture of all right, title and interest hereunder or otherwise, if not cured within one-hundred eighty (180) days written of notice thereof to Lessee.

#### **IX. Hangar Sub-Lease Insurance**

37. Lessee shall require each Hangar Sub-Lessee to carry and maintain, during the term of Hangar Sub-Lessee's Sub-Lease, general liability insurance coverage in relation to the sub-leased Premises and aircraft insurance in relation to each of the resident aircraft stored in Hangar Sub-Lessee's sub-leased premises, which insurance coverage shall comply with each of the insurance provisions under this Lease at paragraphs 60.a and 60.b.

38. Lessee is required hereunder to enforce all of these insurance requirements against each such Hangar Sub-Lessee. Failure by Lessee to require, and to promptly and diligently enforce the requirement, that each Hangar Sub-Lessee provide and maintain the insurance required by this Lease shall constitute, and for all purposes be, a default hereunder and a material breach hereof, and shall be cause for termination of this lease and forfeiture of all right, title and interest hereunder or otherwise, if not cured within one-hundred eighty (180) days of written notice thereof to Lessee.



**X. Right of First Refusal**

**39. In Favor of Lessor.**

- a. Before Lessee may sell, transfer, assign or sub-lease this Lease or any interest in this Lease (except as provided at paragraphs 34 through 36) Lessee shall give sixty (60) days written notice to Lessor of Lessee's intention to so sell, transfer, assign or sub-lease this Lease or any interest in this Lease to a *bona fide* transferee for value. Within said sixty (60) days, Lessor shall give notice of its intention to meet the terms of such *bona fide* offer and to acquire Lessee's interest sought to be transferred
- b. Within an additional sixty (60) days, Lessor shall pay to Lessee the consideration of the *bona fide* offer, or Lessor's offer to acquire such interest shall, for all purposes, be deemed withdrawn, and Lessee shall be free, for a period of three years, to sell, transfer, assign or sub-lease this Lease in accordance with the provisions of paragraphs 28 through 33.

**40. In Favor of Lessee**

- a. If, at the expiration of the term of this Lease, City should wish to lease the Premises, City shall first give notice to Lessee of the terms and conditions of any offer to lease said Premises. Lessee shall thereafter have a period of 60 days in which to enter into a new lease for the Premises.
- b. If Lessee does not lease the Premises within 60 days after notice of said offer, City thereafter shall be relieved of any obligation to Lessee as herein provided.

**XI. Lessee Improvements**

41. Lessee, at Lessee's sole cost and expense, shall design, finance and construct aircraft hangars similar to hangars currently existing at the Airport (herein "**Lessee Improvements**"). Design of the Lessee Improvements shall be prepared by an architect or engineer licensed by the State of California and subject to review and approval by the City Manager. Construction of the Lessee Improvements shall be performed by a contractor and/or sub-contractors licensed by the State of California.

42. Lessor shall promptly cooperate and reasonably approve the design of the aforesaid Lessee Improvements within a reasonable time not to exceed sixty (60) days of Lessee's submittal of same to Lessor. The scope of Lessor's approval shall contemplate aesthetic design, as well as the overall functionality of the improvements in relation to the Airport site plan, when current and future airport uses are considered as a whole. Lessor's approval shall not unreasonably be withheld, delayed or conditioned. Within the meaning of this paragraph, Lessor's approval shall neither mean nor include

that approval required to be obtained for new construction from the City Building Department, or otherwise, but rather is intended to mean acceptance by the City Manager of the design and functionality of the Hangars, and of the Airport usages, when taken as a whole.

43. Lessee shall secure, and maintain in full force and effect during the course of construction, any and all certificates, permits and approvals necessary for the construction of the Lessee Improvements that may be required by any federal, state, municipal or local authority, as well as satisfactory soil boring tests (herein "**Approvals and Tests**"). Lessor shall cooperate with Lessee in its efforts to obtain such Approvals and Tests and shall take no action that would adversely affect the status of the subject real property with respect to the proposed use by Lessee. In the event any of the aforesaid Approvals and Tests shall for any reason be unsatisfactory to Lessee, including but not limited to cancellation, lapse, or termination of such Approvals, then in that event, Lessee may terminate this Lease with ninety (90) days notice in writing to Lessor.

44. Lessee shall commence construction of the Hangars within 180 days after the Commencement Date, and thereafter shall diligently prosecute such construction to completion, or otherwise be in material breach hereof. All construction shall be completed by the first anniversary of the Commencement Date.

45. At all times during the construction of Lessee Improvements, Lessee and Lessee's contractors shall comply with the licensing and permit requirements of any and all federal, state, municipal or local authorities, and shall at all times comply with all federal, state, municipal or local statutes, ordinances, laws, rules, regulations and guidelines. Lessee shall comply with all FAA requirements as more specifically set forth in **Exhibit "C"**, attached hereto and incorporated herein by reference.

46. In the event of Lessee's default during the construction of the aforesaid Lessee Improvements, City shall have the right, but not the obligation, to assume Lessee's obligations and rights under any contract related to, or for any portion of, the construction of the aforesaid Hangars.

47. Lessee will defend and indemnify City against all loss, claims, costs, damage, expense, and liability, arising out of, or connected with the work of improvement.

48. At all time during the construction of Lessee Improvements, Lessee shall defend, indemnify and hold harmless Lessor from any injury to persons, including death, or from any damage to property, arising out of construction activities undertaken by Lessee pursuant to this Lease. The scope of Lessee's obligations under this paragraph shall be co-extensive with the obligations set forth in paragraphs 70 through 71, *infra*, and the text thereof is incorporated herein by this reference.

49. Lessee shall promptly commence, diligently pursue to completion the construction of the aforesaid Lessee Improvements, and cause to be filed a notice of completion for such improvements on or before the first anniversary of the Commencement Date. Lessee's failure to timely complete the construction of the aforesaid Lessee Improvements shall be a material breach of this Lease.

50. Consistent with the strictures of paragraph 6, hereinabove, all improvements constructed on the Premises by Lessee shall be owned by Lessee until expiration of the term of this Lease or earlier termination hereof. Except as otherwise provided in this Lease, all improvements made by or for Lessee, whether temporary or permanent in character, shall automatically at the end of the terms hereof, whether by expiration or by earlier termination, become the property of Lessor, and shall be surrendered to Lessor in good condition, reasonable use, wear and tear excepted, without compensation to Lessee and without further instrument of transfer. Provided further, that upon such expiration or termination, and upon written request by Lessor, Lessee shall deliver to Lessor a quit claim deed or such other instrument of transfer which shall be duly and properly executed and acknowledged, and which shall be adequate for the intended purpose.

51. Once construction of the Lessee Improvements is completed, Lessee shall not remove, dismantle, demolish or otherwise destroy said improvements without Lessor's prior written consent. If Lessee shall so remove, dismantle, demolish or otherwise destroy said improvements without Lessor's prior written consent, Lessee shall be obligated to Lessor for the cost of reconstruction, which cost shall include site restoration cost.

52. Lessor shall be wholly responsible for the removal, amelioration and/or remediation of any and all latent contamination, toxic substances, or hazardous materials (as that term is defined by the Placer County Department of Public Works) previously existing or newly discovered on the Premises during the course of Lessee's installation of the aforesaid Lessee improvements.

53. Lessee shall be wholly responsible for the removal, amelioration and/or remediation of any and all contamination, toxic substances, or hazardous materials which have been deposited upon the Premises during the course of Lessee's installation of the aforesaid Lessee improvements, or otherwise as a result of Lessee's activities on or in relation to the Premises.

## **XII. Mandatory Improvements**

54. All improvements, additions, changes or alterations of the Premises mandated or otherwise, required by federal, state or local law, rule, regulation or ordinance, that apply solely to Lessee's Premises or to activities on or in relation to the Premises, which shall be imposed after Lessee shall have commenced usage of the Premises, shall be the sole responsibility of the Lessee.



55. All improvements, additions, changes or alterations of the Premises mandated or otherwise, required by federal, state or local law, rule, regulation or ordinance, that apply solely to Lessor's presence or to activities on or in relation to the Premises, which shall be imposed after the Commencement Date shall be the sole responsibility of the Lessor.

56. All improvements, additions, changes or alterations of the Premises mandated or otherwise, required by federal, state or local law, rule, regulation or ordinance, that do not apply solely to either party as set forth directly above, which shall be imposed after the Commencement Date shall be the responsibility of both parties hereto on an equal basis.

### **XIII. Utilities**

57. Subject to applicable ordinances and regulations, Lessee may, at Lessee's expense, connect to sewer, water and electrical facilities and Lessee shall thereafter maintain said facilities within the boundaries of Premises. Lessee shall prevent the entrance of objectionable quantities of petroleum products and other deleterious wastes into the sewage and storm water drainage systems serving the airport. Discharge of industrial waste and hazardous materials is prohibited. For discharge of anything other than domestic waste, Lessee must obtain permission or permits from Placer County Department of Public Works, or any other governmental unit or agency having jurisdiction over the discharge of wastes other than domestic waste, including, without limitation, hazardous materials. The parties hereto shall be responsible for and pay all utilities separately metered or according to their respective usage. If a common service is utilized, and no means of determining either party's respective usage exists, then equally.

### **XIV. Maintenance and Repairs**

58. Lessee shall be responsible for all maintenance and repairs to the Premises.

- a. Lessee accepts the Premises on an "as is" basis. It is the intention of the parties hereto that the Rent for the term of the Lease shall constitute a net return to the City free of any expense, charge or other deduction whatsoever with respect to the Premises or any improvements, fixtures and equipment which may now or hereafter exist thereon. Lessee shall keep Premises and any improvements or equipment thereon in good and sanitary order and repair and in a good, safe and presentable condition consistent with the highest of business practices. If, after 30 days' notice from the City, Lessee fails to maintain or repair any part of the Premises or any improvements or equipment thereon, City may, but shall not be obligated to, enter upon the Premises and perform such maintenance or repair, and Lessee agrees to pay the costs thereof to City upon demand

plus a percentage of costs incurred to sufficiently reimburse City for all overhead, fees and other costs and expenses, including attorneys' fees, arising from City's involvement with such repairs, and interest at the legal rate until paid in full.

- b. Lessee shall be solely responsible for all actions, costs and expenses incurred to comply with any and all structural requirements, abatement ordinances, zoning requirements, statutes, rules and regulations imposed by any governmental authority with jurisdiction relating to safety or the abatement of hazardous materials found in the Premises or any buildings or facilities constructed thereon, including, without limitation, compliance with requirements, laws or orders for asbestos abatement, lead abatement and seismic retrofit.
- c. Lessee shall be solely responsible for compliance with any requirements or obligations imposed or arising from the use of the Premises, or buildings or facilities constructed thereon relating to the Americans with Disabilities Act ("ADA").
- d. City shall have no obligation to make any repairs to the Premises other than as expressly and specifically set forth in this Lease. Lessee hereby waives any and all rights provided in Sections 1941 through 1942, inclusive, of the Civil Code of California and hereby waives, to the extent permissible, any rights other than statutes or laws now or hereafter in effect which are contrary to the obligations of Lessee under this Lease, or which place obligations upon City in addition to those provided in this Lease.

## **XV. Taxes**

59. Lessee shall be responsible for and shall promptly pay all property taxes assessed against or otherwise attributable to any assets of Lessee that are attached to the realty herein or used in conjunction therewith. In accordance with California Revenue and Taxation Code Section 107.6(a), City states that entering into this Lease may create a possessory interest subject to property taxes. During the original term and any additional term of this Lease, Lessee or any other party in whom the possessory interest is vested shall pay prior to delinquency any taxes upon the assessed value of the entire Premises, not merely the assessed value of Lessee's estate.

## **XVI. Lessee Insurance**

60. Lessee shall carry and maintain, during the entire term hereof, at Lessee's sole cost and expense, the following types of insurance, in the amounts and with the endorsements as herein specified:



- a. General Liability Insurance: Broad form comprehensive general liability insurance with combined single limits of not less than \$1,000,000 insuring against any and all liability of Lessee with respect to the Premises, or grounds, or arising out of the maintenance, use or occupancy thereof, naming Lessor as an additional insured, and providing 10 days written notice to Lessor of any cancellation or change in coverage protection.
- b. Fire Insurance (Contents): Fire insurance with all risk type standard form extended coverage endorsement, for the full insurable value of Lessee's fixtures, which may from time to time be located within the hangar or upon the Premises, and the fixtures of others which are in Lessee's possession and which are located within the hangar or upon the Premises. The proceeds from any such policy shall be used for the repair or replacement of such fixtures. Lessor shall have no interest in the insurance on Lessee's or others' aircraft fixtures, equipment and merchandise and will sign all documents necessary or proper in connection with the settlement of any claims or loss by Lessee or others. Lessee shall be solely liable for its airplanes, fixtures equipment and merchandise and all of the contents located within the hangar or upon the Premises, and further understands and agrees that Lessor will not carry personal property insurance to cover same.
- c. Fire Insurance (Structures): Fire insurance with all risk type standard form extended coverage endorsement, for the full insurable value of Lessee's hangar and all other related improvements located on the Premises, including vandalism and malicious mischief endorsements. The proceeds from any such policy shall be used by Lessee for the repair and replacement of the Premises. Lessee shall cooperate with Lessor to maximum extent possible to assure said proceeds are so utilized.
61. In relation to the foregoing insurance, Lessee shall furnish proper endorsements thereto (i) evidencing the aforesaid coverages, (ii) naming the Lessor as an additional insured, and (iii) providing for thirty (30) days written notice to Lessor of any termination or change in coverage protection, or reduction in coverage limits (except ten (10) days notice shall be required for non-payment of premium).
62. At all times, Lessee shall keep and maintain in full force and effect, throughout the Term of this Lease, policies of insurance required by this Lease, which policies shall be issued by companies with a Best's Rating of A: VII or higher, or shall be issued by companies approved by the City Risk Manager.
63. Provided however, that said insurance may be subject to standard policy exclusions, which exclusions shall be approved by Lessor, and provided further, that said exclusions shall not serve to reduce or otherwise limit the liability of Lessee as set



forth herein. Said insurance shall be primary and not abated by any coverage maintained by Lessor.

64. Lessee's obligation to insure under the foregoing provisions, paragraphs 60 through 63, may be provided by appropriate amendment, rider, or endorsement on any blanket policy or policies carried by Lessee.

65. Lessee shall be solely liable for any loss to its aircraft, fixtures and equipment occasioned by any occurrence not the sole negligence of the Lessor, its officers, agents and employees.

66. Failure by Lessee to provide and maintain the insurance policies (including Best's ratings) required by this Lease shall constitute, and for all purposes be, a default hereunder and a material breach hereof, and shall be cause for termination of this lease and forfeiture of all right, title and interest hereunder or otherwise, if not cured within thirty (30) days of written notice thereof to Lessee.

#### **XVII. Lessor Insurance**

67. Lessor shall carry and maintain, during the term hereof, at Lessor's sole cost and expense, broad form comprehensive general liability insurance with combined single limits of not less than One Million Dollars (\$1,000,000), insuring against any and all liability of Lessor with respect to the Premises or arising out of the use and enjoyment thereof, and upon request shall furnish to Lessee an endorsement evidencing the aforesaid coverage.

68. Lessor shall be solely liable for any loss to its fixtures and equipment occasioned by any occurrence not the sole negligence of Lessee, its officers, agents and employees.

69. Lessor, at its option, may provide the required limits of liability insurance under a program of self insurance with excess insurance through the County Supervisors Association of California Excess Insurance Authority (CSAC-EIA).

#### **XVIII. Indemnity**

70. Nothing herein shall be construed as a limitation of Lessee's liability, and Lessee shall indemnify, defend and hold Lessor harmless from any and all liabilities, claims, demands, damages, losses and expense which Lessor may incur by reason of the willful misconduct, or negligent actions or omissions of Lessee, or the agents, servants, and employees of Lessee, or which may arise out of the use, occupation, and enjoyment of the Premises by Lessee or the agents, servants, and employees of Lessee, or by any person or entity holding under Lessee, or by any of Lessee's invitees or agents.



71. Nothing herein shall be construed as a limitation of Lessor's liability, and Lessor shall indemnify, defend and hold Lessee harmless from any and all liabilities, claims, demands, damages, losses and expense which Lessee may incur by reason of the willful misconduct, or negligent actions or omissions of Lessor, or the agents, servants, and employees of Lessor, or which may arise out of the use, occupation, and enjoyment of the Premises by Lessor or the agents, servants, and employees of Lessor, or by any person or entity holding under Lessor, or by any of Lessor's invitees or agents.

#### **XIX. Default**

72. The parties hereto agree that the unlawful detainer provisions of the California Civil Code and the California Code of Procedure apply. The occurrence of any one or more of the following events is a default hereunder and constitutes a material breach of this Lease by Lessee:

- a. The abandonment of the Lease by Lessee.
- b. The failure by Lessee to make any payment of the Annual Rent required to be made by Lessee hereunder, as and when due, where the failure continues for a period of thirty (30) days after notice thereof from Lessor to Lessee.
- c. The failure by Lessee to promptly commence within 180 days after the Commencement Date and diligently pursue to completion the construction of the aforesaid Hangars, and cause to be filed a notice of completion prior to the first anniversary of the Commencement Date.
- d. The failure by Lessee to carry and maintain, or to require each Hangar Sub-Lessee to carry and maintain, any policy of insurance as required hereunder.
- e. The failure by Lessee to make any other payment as required hereunder, as and when due, where the failure continues for a period of thirty (30) days after notice thereof from Lessor to Lessee.
- f. The failure by Lessee to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Lessee, where the failure continues for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commences such cure within the thirty (30) day period and thereafter diligently completes the cure.



- g. The failure by Lessee to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Lessee, where such failure may not be cured.

73. In the event of any such default or other material breach of this Lease by Lessee, Lessor may, after giving notice as provided above, or if not provided, as required by law, pursue those remedies set forth in Civil Codes Sections 1951.2 and/or 1951.4, and by this reference is made a part of this Lease.

74. Lessor shall not be in default unless Lessor fails to perform obligations required of it within a reasonable time, but in no event later than thirty (30) days after written notice of the nature of the problem and request to cure by Lessee to Lessor, provided that if the nature of Lessor's obligation is such that more than thirty (30) days are reasonably required for performance, then Lessor shall not be in default if Lessor commences performance within thirty (30) days and thereafter diligently completes performance.

75. In addition and without limitation of any other remedy, in the event of any such default or other material breach of this Lease by Lessee or by Sub-Lessee, and after giving notice as provided above, or if not provided, as required by law, Lessor may declare such default or other material breach of this Lease to be a nuisance, and may give notice of the imposition of liquidated damages of One Hundred dollars per day (\$100.00 / day).

76. If Lessor defaults in the performance of any of the obligations or conditions required to be performed by Lessor under this Lease, Lessee may in no event withhold payment of the Annual Rent, or apply said Annual rent to cure the alleged default.

77. Lessor's waiver of a default shall not be deemed a waiver of any term, condition or covenant hereunder, and shall not be deemed a waiver of Lessor's right to enforce any remedy upon any future default.

## **XX. Termination of Lease**

78. If this Lease shall terminate for any reason, or otherwise expire, then in that event, Lessor shall not be obligated to return, reimburse, compensate or pay to Lessee for the cost or value of the Hangars or any portion thereof, for the cost or value of any improvements whatsoever, or for the costs and expenses attendant to the obligations assumed by Lessee hereunder, or otherwise.

79. If this Lease shall terminate for any reason, or otherwise expire, then in that event, and upon written request by Lessor, Lessee shall promptly deliver to Lessor a quit claim deed or such other instrument of transfer which shall be duly and properly executed and acknowledged, re-conveying to Lessor all of Lessee's right, title and interest in and to the Premises.

During the term of this Lease, title to any and all improvements placed on the Premises by Lessee shall be vested in Lessee. At the end of the Lease term, title to all such improvements shall revert to the City. The improvements shall be transferred to the City in good merchantable condition, including all fixtures, reasonable wear and tear excepted; provided that Lessee shall be under no obligation to retrofit the improvements to comply with building code standards effective as of the termination of this Lease. Lessee shall be responsible for any and all costs, expenses and compliance activities relating to the improvements which will revert to City concerning the removal, amelioration and/or remediation of any and all contamination, toxic substances, or hazardous materials which have been deposited upon the Premises as a result of Lessee's activities on or in relation to the Premises. If City discovers, after title has been transferred to it pursuant to this reversion provision, that Lessee has failed to comply with the requirements set forth in the foregoing two sentences, Lessee shall indemnify and hold harmless City of and from all costs, expenses, damages, losses and claims, including reasonable attorneys' fees, arising from or related to compliance with such provisions by the City. As used in this paragraph, "contamination, toxic substances, or hazardous materials" do not include building materials that were code compliant at the time of installation.

## **XXI. Notices**

80. All acceptances, approvals, consents, notices, demands or other communications required or permitted to be given or sent by either party to the other shall be deemed to have been fully given when made in writing and delivered in person or deposited in the United States mail, certified and postage prepaid, addressed to:

### **Lessee**

Auburn East Hangars Row  
"Alpha" Owners

C/O MICHAEL E. SULLIVAN  
10052 BUCKEYE LN.  
GRANITE BAY, CA 95746

### **City / Lessor**

City of Auburn  
Office of the City Manager  
1225 Lincoln Way  
Auburn, CA 95603

81. The address to which any such written communication may be given or sent to either party may be changed by written notice given by such party as above provided.

## **XXII. Miscellaneous**

82. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof. This Lease shall be governed by the laws of the State of California. Venue for purposes of litigation shall be in the City of Auburn. The language in all parts of this Lease shall

be construed as a whole according to the fair meaning, and not strictly for or against either Lessor or Lessee.

83. All preliminary and contemporaneous agreements and understandings are merged and incorporated into this Lease that contains the entire agreement between the parties. This Lease may not be modified or amended in any manner except by an instrument in writing executed by the parties hereto.

84. Should Lessor at any time during the term of this Lease or any extension hereof, decide to sell all or any part of the Property to a purchaser other than Lessee, such sale shall be under and subject to this Lease and Lessee's rights hereunder, and any sale by Lessor of the portion of the subject property underlying any right-of-way herein granted shall be under and subject to the right of Lessee in and to such right-of-way.

85. Lessor warrants there are no liens, judgments or impediments of title on the subject property or affecting Lessee's interest in same, and there are no covenants, easements or restrictions that prevent the use of the Premises as contemplated herein by Lessee.

86. This Lease does not create a relationship of principal and agent, or partnership, or joint venture, or any association other than that of Lessor and Lessee.

87. This Lease shall extend to and bind the parties hereto, their representatives, successors and assigns.

88. [Reserved]

89. The parties hereto have specifically bargained for the timely performance of each and every obligation hereunder to be performed. Accordingly, time is of the essence in this agreement.

#### **XXIII. Warranty**

90. Each individual executing this Lease on behalf of each respective principal represents and warrants that he or she is duly authorized to execute this Lease on behalf of said principal in accordance with the bylaws, articles, resolutions and ordinances as shall apply, and that this Lease is binding upon each such principal.

#### **XXIV. Mediation / Arbitration**

91. All claims, disputes and controversies arising out of or in relation to the performance, interpretation, application or enforcement of this Lease, including, but not limited to, breach thereof ("**Mediation/Arbitration Dispute**"), except (a) the payment of rent, which Lessee acknowledges is an independent covenant not subject to offset or deduction, (b) the matters described in Article VI (regarding the determination of fair



market rental value), and (c) the matters described in Section 91.B (4) (regarding a party's right to file with a court for relief as described therein), shall be decided under this Article XXIV pursuant to mediation, and if necessary, arbitration. If Lessee defaults in the payment of rent, this Article XXIV shall not apply and Lessor may pursue any and all legal and equitable remedies provided by law, including, without limitation, an unlawful detainer action, writ of possession, and a money judgment for unpaid rent.

A. Mediation.

(1) Any Mediation/Arbitration Dispute shall be referred to mediation before, and as a condition precedent to, the initiation of any arbitration proceeding.

(2) The parties shall submit any Mediation/Arbitration Dispute to an impartial neutral mediator selected by mutual consent of the parties. In the event the parties cannot agree on the selection of a mediator, the Mediation/Arbitration Dispute shall be referred to JAMS, a professional mediation service. The parties shall equally bear the cost of mediation fees, subject only to the exception set forth in the next paragraph.

(3) If during the mediation a party ("**offering party**") makes a written offer of compromise to another party which is not accepted by such party ("**refusing party**") and the refusing party fails to obtain a more favorable result through arbitration, the refusing party shall pay the offering party all costs and expenses, including reasonable attorney fees and the cost of the mediator and arbitrator, incurred from the time the offer is refused.

B. Arbitration.

(1) A Mediation/Arbitration Dispute which is not resolved through mediation, as set forth above, shall be decided by neutral, binding arbitration and not by administrative proceeding or court action, except as provided by California law for judicial review of arbitration proceedings. The arbitration shall be conducted in accordance with the rules governing the conduct of arbitration proceedings set forth in the California Code of Civil Procedure and the California Rules of Court. The parties may agree in writing to use different rules. The parties shall have the right to discovery in accordance with the provisions of the California Code of Civil Procedure. Judgment on any award of the arbitrator may be confirmed and entered by the court as provided for by California law.

(2) An arbitrator may be selected by mutual consent of the parties. If the parties cannot agree on selection of an arbitrator within 15 days from the date either party first requests arbitration, an arbitrator familiar with handling similar disputes shall be appointed by JAMS. The cost of the arbitrator, arbitration costs



and attorney fees shall be borne by the parties as may be determined by the arbitrator.

(3) Any demand for arbitration must be made in writing to the other party. No demand for arbitration may be made after the date on which the institution of legal proceedings based on the claim is barred by the applicable statute of limitations.

(4) The parties shall each have the right to file with a court of competent jurisdiction an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession, temporary protective order, or appointment of a receiver if the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief or if there is no other adequate remedy. This application shall not waive a party's arbitration rights under this Lease.

(5) The arbitrator shall have the power to grant legal and equitable remedies, and award damages, that may be granted or awarded by a judge of the Superior Court of the State of California or the Federal District Court of the Eastern District of California. The arbitrator shall prepare and provide to the parties a written decision on all matters subject to the arbitration, including factual findings and the reasons that form the basis of the arbitrator's decision. The arbitrator shall not have the power to commit errors of law or legal reasoning and the award of the arbitrator shall be vacated or corrected for any such error or any other grounds specified in Code of Civil Procedure Section 1286.2 or Section 1286.6. The award of the arbitrator shall be mailed to the parties no later than 30 days after the close of the arbitration hearing. The provisions of the California Evidence Code shall apply to the arbitration hearing. The arbitration proceedings may be recorded by a certified shorthand court reporter. The party requesting a reporter shall pay for the reporter and if both sides request a reporter, the cost of the reporter shall be divided equally. Written transcripts of the proceedings may be prepared at the request of a party. A party requesting a transcript shall pay for the cost thereof.

(signature page follows)

IN WITNESS WHEREOF, the parties have executed this Lease effective upon the complete execution hereof by the parties hereto.

"CITY" or "LESSOR"

CITY OF AUBURN, CALIFORNIA, a  
Municipal Corporation

By: \_\_\_\_\_

Robert Richardson  
City Manager

"LESSEE"

Auburn East Hangars Row "Alpha"  
Owners, an unincorporated  
association

By: \_\_\_\_\_

Its: President

Name: Thomas M. Murray

By: \_\_\_\_\_

Its: Secretary

Name: Michael E. G. [Signature]

APPROVED AS TO FORM:

Michael Colantuono, City Attorney

(signature page follows)



## EXHIBIT "A"

### CITY OF AUBURN AIRPORT HANGAR ALPHA LEASE

Being a portion of the northwest quarter of the northwest quarter of Section 27, T. 13 N., R. 8 E., M.D.M., and also being a portion of that certain Tract of Land recorded by Deed in Book 496, at Page 279, Official Records of Placer County, and also being a portion of the Auburn Airport as shown on that certain Record of Survey No. 1847, and recorded in Book 14 of Surveys, at Page 66, Official Records of Placer County, more particularly described as follows:

Beginning at a point from which the northwest corner of Parcel 1 as designated in Book 25 of Parcel Maps, Page 124, Official Records of Placer County, bears South 78° 51' 10" West for a distance of 959.99 feet. Thence from the point of beginning the following four (5) courses: 1) North 83° 47' 56" East for a distance of 46.14 feet; 2) North 06° 12' 04" West for a distance of 304.00 feet; 3) South 83° 47' 56" West for a distance of 43.15 feet to a point on the east boundary line of the Leasehold from the City of Auburn, designated in Book 27 of Parcel Maps, Page 126, ORPC; 4) Along said east boundary line, South 05° 38' 21" East for a distance of 204.43 feet to the southeast corner of said Leasehold boundary; 5) Leaving said boundary line, South 05° 38' 21" East for a distance of 99.59 feet to the point of beginning.

APN: 052-190-045  
Contains 13,572 sq. ft.

#### End of Description

The Basis of Bearings for the above Legal Description is identical to the West line of Parcel 1 as shown on Parcel Map No. P-75040 recorded in Book 25 of Parcel Maps, at Page 124, Official Records of Placer County, which bears South 00° 19' 31" East.

See Exhibit "B", plat to accompany description, attached hereto and made a part hereof.









## EXHIBIT C

### FAA REQUIREMENTS

A. Lessee, for itself, its heirs, personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained or otherwise operated on the said property described in this Lease for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to (i) Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, or as said Regulations may be amended; (ii) Title 14, Code of Federal Regulations, Part 152, Subpart E, or as said Regulations may be amended; (iii) Part 77 of the Federal Aviation Regulations, or as said Regulations may be amended; and (iv) any and all federal laws, rules or regulations relating to the operations of Lessee on the Premises.

B. Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land: (i) that no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities; (ii) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of or otherwise be subject to discrimination; and (iii) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

C. That in the event of breach of any of the above nondiscrimination covenants, City shall have the right to terminate the Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including expiration of appeal rights.

D. Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar

EXHIBIT C



type of price reductions to volume purchasers.

E. Noncompliance with paragraph D. above shall constitute a material breach thereof and, in the event of such noncompliance, City shall have the right to terminate this Lease and the estate hereby created without liability therefor or at the election of City or the United States either or both said Governments shall have the right to judicially enforce provisions.

F. Lessee agrees that it shall insert paragraphs A through E in any lease agreement by which said Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Premises herein leased.

G. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

H. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. Section 1349a).

I. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States of America during the time of war or national emergency.

J. The Lessee, in the operations and use of the Auburn Municipal Airport, will not on the grounds of race, color or national origin discriminate or permit discrimination against any person or group of persons in any manner prohibited by Part 15 of the Federal Regulations. The City of Auburn is granted the right to take such action as the United States government may direct to enforce such covenant.

EXHIBIT C

EXHIBIT C



# CONSTITUTION OF AUBURN EAST HANGARS ROW "ALPHA" OWNERS, AN UNINCORPORATED ASSOCIATION

## I. NAME

The name of this Association is AUBURN EAST HANGARS ROW "ALPHA" OWNERS, AN UNINCORPORATED ASSOCIATION.

## II. PURPOSES AND POWERS

The purposes for which this Association is formed are:

(a) The specific and primary purpose is to negotiate for, lease, manage and control, a leasehold interest between the City of Auburn, and to construct a hangar building containing seven hangars at the Auburn Municipal Airport, and to sublease such hangars to the members of this Association.

(b) The general purposes and powers are:

(1) To sue and be sued in its own name.

(2) In accordance with California Corporations Code Sections 18000-18640, to enter into and perform contracts in its own name. However, no member of this Association shall be individually or personally liable for the debts or liabilities contracted or incurred by the Association in the acquisition of lands or leases or the purchase, leasing, designing, planning, architectural supervision, erection, construction, repair, or furnishing of buildings or other structures, to be used for the purposes of the Association, unless that member in a writing signed by the member or his or her agent assumes that debt or liability. Furthermore, there is no presumption or inference that any member of this Association has consented or agreed to the incurring of any obligation by the Association from the mere fact of joining or being a member, or signing its Bylaws.

(3) To enter into any of the commercial transactions authorized by the California Commercial Code, including without limitation the right to be a party to negotiable paper, to the issuance or transfer of warehouse receipts, bills of lading, and other documents of title, and to the issuance or transfer of investment securities, subject to any conditions, restrictions, or requirements imposed by law.

(4) In accordance with California Corporations Code Sections 18000-18640, to purchase, receive, own, hold, lease, mortgage, pledge, or encumber by deed of trust or otherwise, manage, and sell all real estate and other property as necessary for the business purposes and objects of the Association, and to design, plan, erect, construct, repair, and furnish buildings or other structures to be used for the purposes of the Association, subject to the provisions of Subparagraph (2) or this Paragraph (b).

(5) To adopt, alter, or cancel an insignia and to register that insignia, alteration, or cancellation thereof in the office of the Secretary of State.



(6) To adopt, use, and at will alter an Association seal, but failure to affix the seal shall not affect the validity of any instrument.

(7) To adopt, amend, or repeal Bylaws in any manner as may be provided therein, provided, however, that the initial Bylaws of this Association may be adopted by the unanimous written consent of a majority of the members of this Association.

(8) Generally to have and exercise all other rights and powers now conferred, or which may hereafter be conferred, on such associations by law, or which do not contravene the law or public policy of the State of California or of the United States.

(c) The foregoing statement of purposes shall be construed as a statement of both purposes and powers, and the purposes and powers in each paragraph shall, except where otherwise expressed, not be limited or restricted by reference to or inference from the terms or provisions of any other paragraph, but shall be regarded as independent purposes and powers.

(d) Notwithstanding any of the foregoing provisions, this Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary nonprofit purposes of this Association as set forth in Paragraph (a) of this Article II.

### III. PRINCIPAL OFFICE

The principal office of the Association for the transaction of its business is located in the County of Placer, California.

### IV. GOVERNING BODY

(a) The powers of the Association shall be exercised, its property controlled, and its affairs conducted by the members by a majority vote. There shall be a President and a Secretary/Treasurer, elected by the members.

(b) The names and addresses of the first Members of this Association are:

Name	Mail Address	E-Mail
Gregory P. Anderson	P.O. Box 1204, Meadow Vista, CA 95722	gregorypanderson@comcast.net
Scott Diffenbaugh	P.O. Box 6014, Auburn, CA 95604	diff@wavecable.com
Community 1 <sup>st</sup> Bank Custodian FBO Scott Diffenbaugh IRA	3000 Lava Ridge Ct. S-130, Roseville, CA 95661	EEErvin@Polycomp.net
Peter Hollingshead	1400 Rocky Ridge Dr., S-250, Roseville, CA 95661	peterh@pac-cap.com
Thomas Murray	23918 Woodhaven Place, Auburn, CA 95602	tmmre@yahoo.com
Michael E. Sullivan	6352 Buckeye Ln., Granite Bay, CA 95746	sullivan001@msn.com



Vilis Ositis 18938 Chaparral Dr., Penn Valley, CA 95946 VOsitis@LakeWW.com

(c) The qualifications, the time and manner of electing, the terms of office, the duties and compensation, if any, and the manner of removing Officers and filling vacancies shall be as set forth in the Bylaws of this Association.

## V. MEMBERS

(a) The initial members are those persons stated herein. Upon the acquisition of the Ground Lease contemplated herein, the members shall consist of those persons, firms or entities who acquire a hangar sublease from this Association, and any initial member who does not obtain a sublease from the Association shall cease being a member. The voting and other rights and privileges of members, and their liability for dues and assessments and the method of collection, and the termination and transfer of membership shall be as stated in the Bylaws.

(b) If the voting or other rights or interests, or any of them, be unequal, the Bylaws shall set forth the rule or rules by which the voting or other rights or interests of each member or class of members are fixed and determined.

(c) The interest of any member of this Association is the personal property of that member, and no member shall have any interest in property held by the Association, regardless of the time or manner in which said property is acquired, except as provided in Article VII of these Articles or in any provision of the Bylaws respecting termination of a member's interest.

## VI. DISSOLUTION

This Association shall be dissolved and its affairs wound up when the objects for which it is organized have been fully accomplished and not otherwise.

## VII. DEDICATION OF ASSETS AND DISTRIBUTION ON DISSOLUTION

(a) This Association is not organized, nor shall it be operated, for pecuniary gain or profit, and it does not contemplate the distribution of gains, profits, or dividends to the members thereof and is organized solely for the nonprofit purpose of obtaining the Ground Lease contemplated herein, and administering it by constructing Hangars and subleasing them, without profit.

(b) In the event that the Ground Lease contemplated in this agreement does not come into existence, this Association shall be dissolved and wound up, and the assets of the Association, after the payment of all debts and liabilities of the Association, shall be returned to the members advancing the same in proportion to their contributions to the Association.

(c) If, the Ground Lease is obtained by the Association and the Association is dissolved prior to completion of the hangar construction project, any assets remaining after payment of, or provision for payment of, all debts and liabilities of the Association, shall be returned to the members in proportion to their contributions to the Association.

(d) Once the hangars are completed, any construction funds remaining shall be returned to the members in the same proportion to their contributions.



(e) If the Association is dissolved after events a, b, and c, above, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this Association shall be distributed to the Auburn Municipal Airport or a nonprofit fund, foundation, or corporation which is organized and operated exclusively for Auburn Municipal Airport purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California.

(f) If the Association holds any assets in trust, such assets shall, on dissolution, be disposed of in such manner as may be directed by decree of the Placer County Superior Court of the county in which this Association's principal office is located, on petition therefore by the Attorney General, or by any person concerned in the liquidation.

#### VIII. LIMITATION ON POLITICAL ACTIVITIES

No substantial part of the activities of this Association shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall this Association participate in or intervene in (including the publication or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

#### IX. NET PROCEEDS FROM PUBLIC EVENTS

If this Association holds any event(s) that members of the general public are invited to observe or participate in for a fee, the income from the general public, less a proportional share of the expenses, will not benefit members and will be paid over to an organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code on an annual basis.

#### X. DISTRIBUTION OF INCOME AND PROHIBITED ACTIVITIES

Notwithstanding any other provision in this Constitution, this Association shall be subject to the following limitations and restrictions:

(a) The Association shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

(b) The Association shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

(c) The Association shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1986, or in corresponding provisions of any subsequent federal tax laws.

(d) The Association shall not make any investment in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

(e) The Association shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.



XI. INSPECTION AND AMENDMENT

(a) The original or a copy of this Constitution as amended to date shall be kept at the principal office of the Association, and shall be open to inspection by all members or their agents at any reasonable time.

(b) This Constitution shall be amended only by resolution duly adopted by the written consent of 5 out of the 7 member votes of the Association and not otherwise.

Dated: 3/4/09

Gregory P. Anderson  
Gregory P. Anderson

Scott D. Diffenbaugh  
Scott Diffenbaugh

Community 1<sup>st</sup> Bank Custodian FBO  
Scott Diffenbaugh IRA

Peter Hollingshead  
Peter Hollingshead

Thomas Murray  
Thomas Murray

Michael E. Sullivan  
Michael E. Sullivan

Vilis Ositis  
Vilis Ositis

ACKNOWLEDGEMENT

State of California, County of Placer SS.

On 03-04-2009, before me, A. Lindemoor, Notary Public, personally appeared

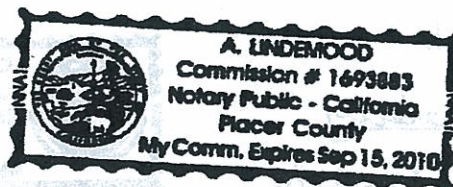
Gregory P. Anderson, Scott Diffenbaugh, Peter Hollingshead, Thomas  
Murray, Michael E. Sullivan and Vilis Ositis

who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal:

Signature A. Lindemoor

Notary Name A. Lindemoor



Commission # 1693883 County Placer Commission exp date Sep 15, 2010 Phone # 916 616 5783



## XI. INSPECTION AND AMENDMENT

(a) The original or a copy of this Constitution as amended to date shall be kept at the principal office of the Association, and shall be open to inspection by all members or their agents at any reasonable time.

(b) This Constitution shall be amended only by resolution duly adopted by the written consent of 5 out of the 7 member votes of the Association and not otherwise.

Dated: 3-3-09

Gregory P. Anderson

Scott Diffenbaugh

Diane Demarest  
Community 1<sup>st</sup> Bank Custodian FBO  
Scott Diffenbaugh IRA

Peter Hollingshead

Thomas Murray

Michael E. Sullivan

Vilis Ositis

## ACKNOWLEDGEMENT

State of California, County of Placer SS.

On 3-3-09, before me, Constance B. Easterly, Notary Public, personally appeared

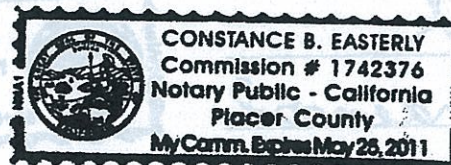
Diane Demarest

who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal:

Signature Constance B. Easterly

Notary Name Constance B. Easterly



Commission # 1742376 County Placer Commission exp date 5/25/11 Phone # 530-863-4802



# BYLAWS OF AUBURN EAST HANGARS ROW "Alpha" OWNERS, AN UNINCORPORATED ASSOCIATION

## ARTICLE 1. OFFICES

### 1.1. Principal Office

The principal office of the Association for the transaction of its business is located at 13630 New Airport Road, Row "Alpha" Hangar Building, Auburn, Placer County, California. A majority vote of the members is required to relocate the office.

## ARTICLE 2. MEMBERSHIP

### 2.1. Classes of Membership and Rights

The Association shall have one class of membership only. The members shall initially be those (7) persons (or their assigns) listed in the Constitution of this Association, who shall serve until the Subleases are entered into. After such time, any person, firm or entity obtaining a valid Sublease from this Association, will be a member entitled to one vote for each Sublease held. Note: Prior to the Subleasing, each member share in the Association shall be entitled to one vote.

### 2.2. Qualifications

Qualifications for membership are as follows: ownership of a Sublease, within the Auburn East Hangers Row "Alpha".

### 2.3. Admission and Transferability of Membership

Qualified persons shall be admitted to membership once they have been approved and are in possession of a valid Sublease per the Sublease Assignment process contained in the Auburn East Hangers Row "Alpha" Owners Sublease document. In addition, the person must have signed a statement that he has read and understands the Constitution, Bylaws, and Rules of the Association, and that he agrees to be bound by them.

### 2.4. Fees and Assessments

**Application Fee** - No fee shall be charged for making application for membership in the Association.

**Assessments - Membership** in the Association is subject to assessments, which may be levied and collected as provided in the member's Sublease.

**Property of Assessments** - Assessments paid to the Association become the property of the Association and any severable or individual interest of any member therein terminates on such payment.

### 2.5. Arbitration of Controversies

(a) Any controversy between members involving their membership shall, on the written request of any member filed with the President or Secretary-treasurer of the Association, be submitted to arbitration, and such arbitration shall, except as otherwise herein provided, comply with 1281 through 1288.1 of the



California Code of Civil Procedure.

(b) Each party to the controversy shall select one person as an arbitrator and the two arbitrators so selected shall select a third arbitrator, who shall be the neutral arbitrator.

(c) The neutral arbitrator shall appoint a time and place for the hearing and cause notice thereof to be served personally or by certified mail on the parties to the arbitration and on the other arbitrators not less than (10) days before the hearing, provided, however, that appearance at the hearing waives the right to notice.

(d) The neutral arbitrator may adjourn the hearing from time to time as necessary. On request of a party to the arbitration for good cause, or on his own determination, the neutral arbitrator may postpone the hearing to a time not later than the date fixed by the agreement for making the award, or to a later date if the parties to the arbitration consent.

(e) The neutral arbitrator shall preside at the hearing, shall rule on the admission and exclusion of evidence and on questions of hearing procedure and shall exercise all powers relating to the conduct of the hearing.

(f) The parties to the arbitration are entitled to be heard; to present evidence and to cross-examine witnesses appearing at the hearing, but rules of evidence and rules of judicial procedure need not be observed.

(g) The award shall be in writing and signed by the arbitrators concurring therein. It shall include a determination of all the questions submitted to the arbitrators the decision of which is necessary in order to settle the controversy.

(h) The neutral arbitrator shall serve a signed copy of the award on each party to the arbitration personally or by certified mail.

(i) The award shall be made within (10) days after the conclusion of the hearing.

(j) The manner of correcting and enforcing the award shall be as prescribed in s 1284 and 1285 through 1288.8 of the California Code of Civil Procedure.

## 2.6. Termination, Reinstatement, Suspension, Fine, and Censure of Members.

### 2.6.1 Reasons for Termination

(a) Assignment - The membership of any member of the Association shall automatically terminate on the assignment of his or her Sublease.

(b) Nonpayment of Assessments - The membership of any member who fails to pay his assessments within (30) days after member was given written notice of such assessments, delivered to him personally, or deposited in the mail (certified), shall be terminated.

(c) Expulsion - Any member who commits a material breach of the Constitution, Bylaws, Rules, Ground Lease, or Sublease may be terminated by a vote of 5 members of the Association.

### 2.6.2 Liability of Terminated Member

Any member who is voluntarily or involuntarily terminated shall not be relieved of his (or his estate's) obligation to pay any assessments or other charges accrued and unpaid.

### 2.6.3 Rights on Termination and Terminating Sublease

All rights and interests of a member in the Association shall cease upon termination of membership as herein provided. The Association will thereafter actively seek to terminate the member's Sublease (by following the procedure outlined in said document), and enter into a Sublease with a new tenant, who shall take the place of the terminated member. In such event, the Association shall pay to the terminated member, all of the proceeds obtained from the sale of the terminated member's sublease, less all monies due the Association, any and all damages allowed

by law, and less the actual expenses and costs incurred in Subleasing the interest of the terminated member. The Association shall not be responsible to the terminated member for any alleged malfeasance or misfeasance in Subleasing the terminated member's Sublease.

#### 2.6.4 Reinstatement

Any member, whose membership is terminated as provided in these Bylaws, other than by death, may have his reinstatement considered by filing a written request with the President or Secretary-treasurer of the Association. The President shall set a special meeting within (30) days of said request. If a quorum is present, a majority of those present may approve reinstatement (on such terms as a majority of the members present may deem appropriate). If a quorum is not present, the President shall re-schedule meetings every (30) days until a quorum is present.

#### 2.6.5 Suspension, Expulsion, Fine, and Censure

The Association, for "good cause", is authorized, as herein provided, to suspend, expel, censure either privately or publicly, or impose a fine (not to exceed the actual costs of any increased insurance premiums, or fines or penalties imposed by any governmental agency arising from such member's conduct or activities) upon any member.

(a) "Good cause," means:

(1) Any conduct that brings the Association into public disrepute or violates the purposes for which this Association is formed;

(2) Any willful failure or refusal to abide by the Constitution, Bylaws, or Rules of this Association;

(3) Any willful failure or refusal to abide by the terms of an award in any arbitration proceeding under the terms of these Bylaws after having agreed in writing to do so and after having received notice of the award;

(b) Definitions:

(1) A "private censure" is in letter form, signed by the President of the Association, and sent to the subject member by certified mail. A copy of the letter and the return receipt shall be filed with the minutes of the Board meeting imposing discipline.

(2) A "public censure" is the same as a private censure except that in addition to sending a letter to the subject member and filing a copy with the minutes of the Board meeting imposing discipline, a copy of the letter is read to the membership at the next following meeting.

(3) A "suspension" means all voting and other rights of the member during the term of his suspension are terminated, provided, however, that such member shall not be relieved of any liability for payment of assessments falling due or levied during the period of his suspension.

(4) An "expulsion" means a member is immediately and conclusively terminated, provided, however, that such member shall not be relieved of any liability for the payment of assessments accruing prior to the hearing on the charges against him.

(5) A "fine" may be imposed separately, or it may be imposed in addition to a public or private censure, or suspension.

(d) Procedure:

(1) Proceedings against a subject member may be initiated by majority resolution of the members adopted at any meeting at which a quorum is present or by petition signed by (4) or more of the voting members of the Association filed with the President or Secretary-treasurer of the Association.

(2) On adoption of the resolution or on receipt of the petition, as the case may be, the President, or if he is unable or refuses to act, the Secretary-treasurer shall schedule the matter to be heard by the members at the next regular or special meeting held not less than (20) days nor more than (30) days after the date the resolution is adopted or the petition received, as the case may be. The Secretary-treasurer, or other person appointed by the President for the purpose, shall deliver at least (10) days prior to the date of the hearing a copy of the resolution or petition, together with a notice of the time and place of the hearing, to the subject member either in person or by certified mail addressed to him at his address as it appears on the books of the Association. Should the person whose duty it is to serve the notice fail or refuse to do so, such copy and notice may be delivered as herein provided by any member of the Association, and in such event the matter shall be heard at the next regular or special meeting of the Association at which a quorum is present held not less than (10) days after the copy and notice are personally delivered or deposited in the mail. If a quorum (excluding the subject member) fails to attend such meeting, the matter shall be heard at the next succeeding regular or special meeting, which must be held within (30) days, provided, however, that if a quorum fails to attend such next succeeding regular or special meeting, the matter against the subject member shall be dismissed. Such dismissal shall be automatic and final, except that if the alleged conduct of the subject member giving rise to the proceeding continues, the matter may be re-considered by starting the process over.

(3) Regardless of any other provision in these Bylaws, notice of the meeting at which the hearing is first scheduled or subsequently scheduled shall be given to all members as required by these Bylaws for special meetings.

(4) The hearing shall be informal and the rules of evidence and rules of judicial procedure need not be observed. The hearing shall be presided over by the President of the Association who shall (a) read the charges against the subject member; (b) require that the charges be verified by the testimony of the person or persons making them; (c) hear any other witnesses against the subject member; (d) allow the subject member to cross-examine each witness; (e) allow the subject member to make a statement in his own behalf; (f) allow the subject member to call witnesses in his own behalf; (g) allow the members present, when and as recognized by the chair, and subject to the control of the chair, to question witnesses; and (h) rule on the admission and exclusion of evidence and on questions of hearing procedure.

(5) After the hearing has closed, the members (excluding the subject member), shall vote on whether to impose discipline or dismiss the matter. If they vote to impose discipline but cannot agree on the nature and extent



thereof, the discipline shall be a private censure as herein provided. The vote imposing discipline or dismissing the matter shall in either event be final.

## 2.7. Membership Book

The Association shall keep a membership book containing the name and address of each member. Termination of the membership of any member shall be recorded in the book, together with the manner of termination and the date on which such membership ceased. Such book shall be kept at the Association's principal office and shall be available for inspection by any member of the Association during regular business hours.

## 2.8. Right to Inspect Records

All records of this Association shall be open to inspection on the written demand of any member at any reasonable time for a purpose reasonably related to his interests as such.

# ARTICLE 3. MEETINGS OF MEMBERS

## 3.1. Location

Meetings of members shall be held at the principal office of the Association or at such other location as may be designated from time to time in writing.

## 3.2. Regular Meetings

Members shall meet regularly at least annually and Officers shall be elected at the regular meeting held in January of each year.

## 3.3. Special Meetings

The President or Secretary-treasurer or any three members of the Association shall call special meetings of members.

## 3.4. Notice

Written notice of the time and place of meetings shall be delivered personally to each member or sent to him by mail, or by e-mail, at least (20) days prior to such meeting. If sent by mail or e-mail, the notice shall be addressed to the member at his address as shown on the books of the Association and shall be deemed delivered at the time it is sent. Each member shall be considered noticed if notice is sent to any of the current addresses on file. It is the responsibility of each member to ensure his addresses are correctly listed with the Association at all times.

## 3.5. Contents of Notice – Actionable Requirement

Notice of Association meetings shall specify the place, the day, and the hour of the meeting and, in the case of special meetings, the general nature of the business to be transacted.

No action shall be taken on any of the following proposals at any meeting unless the written notice identifies the proposal as an action item: (a) a proposal to sell, lease, convey, exchange, transfer, or otherwise dispose of all or substantially all of the property or assets of the Association; (b) any proposal relating to the real property of the Association; (c) any proposal of the Association to incur any indebtedness in excess of the sum of \$1,000.00; (d) any proposal to amend the Constitution of this Association; or (e) any proposal to wind up and dissolve the Association.



### 3.6. Quorum

A quorum shall consist of four (4) members. A written proxy as defined below shall count as a member when determining a quorum.

### 3.7. Adjournment for Lack of Quorum

In the absence of a quorum, no business shall be transacted and the only motion, which the chair shall entertain, is a motion to adjourn, provided, however, that by vote of a majority of the members present, the meeting may be adjourned from time to time. If adjourned for less than (30) days, no notice of the adjourned meeting need be given.

### 3.8. Loss of Quorum

Meetings will be automatically adjourned upon loss of a quorum. If adjourned for less than (30) days, no notice of the adjourned meeting need be given.

### 3.9. Voting

Voting shall be by voice vote, provided, however, that election of Officers shall be by secret ballot. Members shall be entitled to one vote for each Sublease he owns, and members may vote or act by proxy, given in writing to another member attending any meeting.

### 3.10. Conduct of Meetings

(a) Meetings of members shall be presided over by the President of the Association or, in his absence, by the Secretary-treasurer, or, in the absence of both, by a chairman chosen by a majority of the members present. The Secretary-treasurer of the Association shall act as Secretary-treasurer of all meetings of members, provided that in his absence the presiding officer shall appoint another person to act as Secretary-treasurer of the meeting.

(b) Meetings shall be governed by ROBERT'S RULES OF ORDER, as such rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Constitution of this Association, or with State or Federal law.

## ARTICLE 4. OFFICERS

### 4.1. Number and Titles

The officers of the Association shall be a President and a Secretary-Treasurer.

### 4.2. Qualifications

Any member of this Association is qualified to be an officer.

### 4.3. Election

The President and Secretary-treasurer shall be elected by the members at their first meeting following formation of the Association. Subsequent elections shall be held in January each year. Candidates shall submit their names to the Secretary-treasurer prior to the meeting at which election of officers shall take place. If no candidates submit their names, the positions shall be filled first by seniority, and then alphabetically by last name within seniority, first filling the Presidency, followed by the Secretary-treasurer.

### 4.4. Terms of Office

Officers shall serve from the time they are elected until the next annual election of officers.



#### 4.5. Compensation

The officers shall serve without compensation, other than reimbursement for actual documented out of pocket expenses, which shall be approved from time to time by a majority of members.

#### 4.6. Removal

Any officer may be removed from office at any meeting by the vote of (4) or more members. In the case of the removal of any officer, a new officer shall be elected to serve the unexpired portion of the term of his predecessor at the meeting at which the officer is removed by the vote of (4) or more members.

#### 4.7. Vacancies

(a) Vacancies in the office of President or Secretary-treasurer shall exist on the death, assignment of sublease, termination, resignation, or removal of such officer, or on the failure of the members in any election to fill the office.

(b) A majority of the members may declare vacant the office of President or Secretary-treasurer if any such officer is declared of unsound mind by order of court, or if, within (30) days after notice of his election, he does not accept the office in writing or by attending the next scheduled meeting after the election.

(c) Vacancies of an office shall be filled by the members at any regular or special meeting at which a quorum is present.

(d) Officers elected to fill vacancies shall hold office for the unexpired terms of their predecessors, or until their removal or resignation.

#### 4.8. Duties of President

The President shall be the chief executive officer of the Association and shall in general, subject to the control of the members, supervise and control the affairs of the Association. He shall perform all duties incident to his office and such other duties as may be required by law, by the Constitution of this Association, by these Bylaws, or by the hanger Subleases, or which may be assigned to him from time to time by the members.

#### 4.9. Duties of Secretary-treasurer

The Secretary-treasurer shall:

(a) Certify and keep at the principal office of the Association the originals or copies of its Bylaws and Constitution as amended to date.

(b) Keep at the principal office of the Association a book of minutes of all meetings of the members, recording therein the time and place of holding, whether regular or special, and, if special, how authorized, notice thereof given, the names and numbers of those present at members' meetings, and the proceedings thereof.

(c) See that all notices are duly given in accordance with the provisions of these Bylaws or as may be required by law.

(d) Be custodian of the records of the Association.

(e) Keep at the principal office of the Association a membership book containing the name and address of each member, and, in any case where membership has been terminated, record such fact in the book, together with the manner of termination and the date on which the membership ceased.

(f) Exhibit at all reasonable times to any member, or to his agent or attorney, on written demand, for a purpose reasonably related to the interests of such member, the Constitution, the Bylaws, and the minutes of members' meetings.



- (g) Conduct all correspondence on behalf of the Association.
- (h) Have charge and custody of, and be responsible for, all funds and securities of the Association, and deposit all such funds in the name of the Association in such banks, as shall be selected by the members. (See Deposits below)
- (i) Receive, and give receipt for, moneys due and payable to the Association from any source whatever.
- (j) Disburse or cause to be disbursed the funds of the Association as may be directed by the members, keeping proper vouchers for such disbursements.
- (k) Keep and maintain adequate and correct accounts of the Association's properties and business transactions, including accounts of its assets, liabilities, receipts and disbursements.
- (l) Exhibit at all reasonable times the books of account and financial records to any member of the Association, or to his agent or attorney.
- (m) Render to the President and members upon request an account of any or all of his transactions as Secretary-treasurer and of the financial condition of the Association.
- (n) Prepare, or cause to be prepared, and certify the financial statements to be included in the annual report to members.
- (o) If required by the members, give a bond for the faithful discharge of his duties in such sum and with such surety as the members shall determine.
- (p) In general, perform all duties incident to the office of Secretary-treasurer and such other duties as may be required by law, by the Constitution of this Association, or by these Bylaws, or which may be assigned to him from time to time by the members.

## ARTICLE 5. EXECUTION OF INSTRUMENTS, DEPOSITS, AND FUNDS

### 5.1. Execution of Instruments

A majority of members, may by written resolution authorize any officer or agent of the Association to enter into any contract and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances, provided, however, that such contract or delivery is expressly authorized by the Constitution or Bylaws.

### 5.2. Bank Checks and Notes

Except as otherwise specifically determined by resolution of the members, bank checks, promissory notes, orders for the payment of money, and other evidences of indebtedness of this Association shall be signed by the Secretary-treasurer and countersigned by the President of the Association. (Also see limitations contained in Article 3.5(c))

### 5.3. Deposits

All funds of the Association shall be deposited from time to time to the credit of the Association in such banks as a majority of the members may select.

## ARTICLE 6. ADOPTION, ADMENDMENT, REPEAL, RE-WRITING, CERTIFICATION, AND INSPECTION

### 6.1. Adoption, Amendment, Repeal, and Re-Writing

These Bylaws shall become effective on their being signed by the original members as named in the Constitution, or on their adoption by the vote or written consent of a majority of the members of this Association, and they may be amended, repealed, or re-written by the vote or written consent of a majority of the members of the Association.



## 6.2. Certification and Inspection

The original or a copy of the Bylaws, as adopted, amended or re-written, and certified by the Secretary-treasurer of the Association, shall be kept in the principal office of the Association, and shall be open to inspection by all members or their agents at any reasonable time.

## ARTICLE 7. REPORTS AND FISCAL YEAR

### 7.1. Annual Report and Financial Statement

The Secretary-treasurer shall provide a written annual report, including a financial statement, to the members at the annual meeting in January each year. The report shall summarize the Association's activities for the preceding year and project the activities for the upcoming year. The financial statement shall consist of a balance sheet as of the close of business of the Association's fiscal year, contain a summary of receipts and disbursements, be prepared according to sound accounting practices, and be certified by the President and Secretary-treasurer. A majority of members may request and authorize expenditure for an independent audit.

### 7.2. Fiscal Year

The fiscal year of the Association shall be the calendar year.

## ARTICLE 8. TERMINOLOGY

### 8.1. As used in these Bylaws:

- (a) The present tense includes the past and future tenses, and the future tense includes the present.
- (b) The masculine gender includes the feminine and neuter.
- (c) The singular number includes the plural, and the plural number includes the singular.
- (d) The word "shall" is mandatory and the word "may" is permissive.

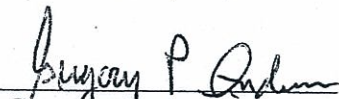



## ARTICLE 9. ADOPTION OF BYLAWS

We, the undersigned, are all of the persons named as first members in the Constitution of this Association, and hereby consent to, and do adopt the foregoing Bylaws, as the Bylaws of said Association.

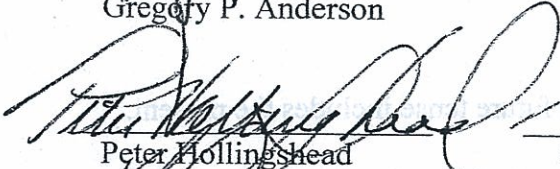
**We also understand that during the period of hangar construction, there will be a separate Construction Management Agreement that will spell out the duties, responsibilities, policies and procedures to be followed until such time as a Certificate of Occupancy is obtained denoting completion of construction. These Bylaws will be subordinate to any conflicting items contained in such agreement.**

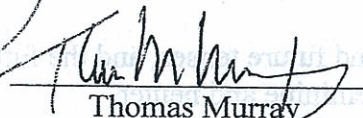
Dated: 3/4/09


  
Gregory P. Anderson

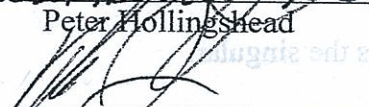
  
Scott Diffenbaugh

Community 1<sup>st</sup> Bank Custodian FBO  
Scott Diffenbaugh IRA

  
Peter Hollingshead

  
Thomas Murray

  
Michael E. Sullivan


  
Vilis Ositis

## CERTIFICATION

I, Michael E. Sullivan, hereby certify:

That I am the duly elected and acting Secretary-treasurer of the AUBURN EAST HANGARS ROW "ALPHA" OWNERS, AN UNINCORPORATED ASSOCIATION and that these Bylaws, consisting of 10 pages, constitute the Bylaws of said Association as duly adopted on \_\_\_\_\_, by the unanimous written consent of the members named in the Constitution of this Association.

Dated: 3-4-09

  
Secretary-treasurer

## ARTICLE 9. ADOPTION OF BYLAWS

We, the undersigned, are all of the persons named as first members in the Constitution of this Association, and hereby consent to, and do adopt the foregoing Bylaws, as the Bylaws of said Association.

We also understand that during the period of hangar construction, there will be a separate Construction Management Agreement that will spell out the duties, responsibilities, policies and procedures to be followed until such time as a Certificate of Occupancy is obtained denoting completion of construction. These Bylaws will be subordinate to any conflicting items contained in such agreement.

Dated: 3-3-09

\_\_\_\_\_  
Gregory P. Anderson

\_\_\_\_\_  
Scott Diffenbaugh

Diane D. Deneault  
Community 1<sup>st</sup> Bank Custodian FBO  
Scott Diffenbaugh IRA

\_\_\_\_\_  
Peter Hollingshead

\_\_\_\_\_  
Thomas Murray

\_\_\_\_\_  
Michael E. Sullivan

\_\_\_\_\_  
Vilis Ositis

### CERTIFICATION

I, MICHAEL E. SULLIVAN, hereby certify:

That I am the duly elected and acting Secretary-treasurer of the AUBURN EAST HANGARS ROW "ALPHA" OWNERS, AN UNINCORPORATED ASSOCIATION and that these Bylaws, consisting of 10 pages, constitute the Bylaws of said Association as duly adopted on \_\_\_\_\_, by the unanimous written consent of the members named in the Constitution of this Association.

Dated: 3-4-09

[Signature]  
Secretary-treasurer



We, the undersigned, one of the persons named as the members in the Constitution of this Association, hereby consent and do adopt the foregoing bylaws as the Bylaws of said Association.

We also understand that during the period of longer constitution, there will be a separate Constitution Management Agreement that will spell out the duties, responsibilities, policies and procedures to be followed with each new Certificate of Incorporation is obtained, during completion of constitution. These Bylaws will be subordinate to any conflicting items contained in such agreement.

Date: 3-3-09

Gregory P. Anderson

Scott D. Henshaw

Scott D. Henshaw, III  
Community Bank, Christian Bank

Peter Hollingshead

Thomas Murray

Michael E. Sullivan

Vicki Oatis

CERTIFICATION

I hereby certify:

That I am the duly elected and acting secretary-treasurer of the ALBUQUERQUE HARBOR ROW, ALBUQUERQUE, AN UNINCORPORATED ASSOCIATION and the Bylaws consisting of 12 pages, containing the Bylaws of said Association as duly adopted on \_\_\_\_\_ by the unanimous written consent of the members named in the Constitution of this Association.

Date: 3-4-09

Secretary-Treasurer



## Report to the Auburn City Council

Action Item
Agenda Item No. 4
City Manager's Approval

**To:** Honorable Mayor and City Council Members  
**From:** George E. Williams, City Treasurer  
Andy Heath, Administrative Services Director  
**Date:** March 23, 2009  
**Subject:** Quarterly Report of Investments – Quarter Ending December 31, 2008

### The Issue

The City Council is required by state law and the City of Auburn's Investment Policy to receive and review a Quarterly Investment Report.

### Recommended Action Requested

Receive, review and file the "City of Auburn Quarterly Investment Report" for the quarter ending December 31, 2008.

### Background

The City of Auburn Quarterly Investment Report (Investment Report) for the quarter ending December 31, 2008 has been prepared in compliance with the reporting requirements as set for in the State of California Government Code Sections 53600 et seq. and the City of Auburn Investment Policy. The Investment Report contains the following information:

- Identification of the type of each investment held in the City's Treasury;
- Identification of the legal name of the issuer or fiduciary of each investment held in the City's Treasury;
- A listing of the dollar amount invested for each item in the Treasury Portfolio;
- A listing of the maturity date of those investments having fixed maturities;
- A confirmation that the reported investments conform to the City's adopted investment policy; and
- A confirmation of the City's ability to meet its pooled expenditure requirements for the next six months.



AnalysisINVESTMENT SUMMARYCity of Auburn Pooled Investment Accounts:

<i>For the quarter ended:</i>	<u>December 2008</u>	<u>September 2008</u>	<u>December 2007</u>
Portfolio value – end of quarter:	\$7,760,434	\$9,977,454	\$6,024,326
Portfolio effective yield – end of quarter:	3.20%	3.62%	3.98%
Dollar-weighted days to maturity – end of quarter:	648	737	307
Portfolio interest earnings (1) – end of quarter:	\$94,578	\$127,561	\$144,996
Net unrealized gain / (loss) (2) – end of quarter:	\$78,796	\$(125,734)	\$8,803

Auburn Urban Development Authority Bond Proceeds Accounts:

<i>For the quarter ended:</i>	<u>December 2008</u>	<u>September 2008</u>	<u>December 2007</u>
Portfolio value – end of quarter:	\$4,602,133	N/A	N/A
Portfolio effective yield – end of quarter:	3.43%	N/A	N/A
Dollar-weighted days to maturity – end of quarter:	466	N/A	N/A
Portfolio interest earnings (1) – end of quarter:	\$0	N/A	N/A

- (1) Interest earnings on investments distributed to City during reporting quarter.
- (2) Unrealized “paper” gains / (losses) on investments due to fluctuations in market value. Unrealized gains and losses impact interest earnings each month as the City is required to account for and book investments at marketable value.



**PORTFOLIO / TREND ANALYSIS**

As a means to account for the investment of Auburn Urban Development Authority (AUDA) Bond Proceeds received in October 2008, the Investment Report has been updated to include appropriate analysis for these separately invested funds. In addition to the table presented as part of the Investment Summary above, attachments to this report have also been updated with appropriate AUDA investment information.

Attachment A provides detailed information for each of the City's investments as of the quarter ended December 31, 2008. Investments are categorized into one of four groups:

**Fixed Rate Investments:** Investments purchased which pay interest on a periodic basis at a fixed coupon / stated rate. Discounted commercial paper is also included in this group. Fixed Rate Investments, consistent with the City's Investment Policy, are generally held to maturity and not sold in the open market.

**Pooled Investments:** Monies pooled with the State of California (Local Agency Investment Fund) and Placer County (County Investment Pool) which are generally available on a daily basis.

**Unrestricted Financial Institution Investments:** Unrestricted operating account monies available in demand accounts for accounts payable and payroll. Certificates of deposit and money market accounts are also included with this group.

**Restricted Financial Institution Investments:** Restricted demand accounts maintained for the payment of obligations for designated city programs.

**Auburn Urban Development Authority Bond Proceeds:** All bond proceeds are invested separate from the pooled investment accounts. Bond proceeds are invested consistent with anticipated project payment schedules and are invested in the CDARS Certificate of Deposit Program, which is 100% FDIC insured.

Attachment B provides investment trend information for the last nine quarters. The City's investment portfolio yield as of December 31, 2008 is 3.62%. The effective yield has decreased by 42 basis points (0.42%) when compared to the yield reported for quarter ended September 30, 2008. This decrease in investment yield occurred primarily as a result of decreasing interest rates in the overall market coupled with the placement of maturing investments into lower-yielding investments. Since July 2007, the Federal Open Market Committee has lowered interest rates by 5.75% in an effort to mitigate the impacts of the housing and credit crises; and in response to the severe economic recessionary climate.

During the quarter ended December 31, 2008, the City realized \$94,578 in investment earnings. In addition to the investment earnings, the City experienced a \$78,796 unrealized gain in portfolio market value. The unrealized market gain, which is required



to be amortized into the portfolio value, fluctuates from month-to-month in response to overall market conditions.

As discussed in the September 30, 2008 Investment Report, Lehman Brothers, the fourth largest investment bank in the United States at the time, filed for bankruptcy on September 15, 2008. The Lehman Brothers bankruptcy, which followed by only a week the Federal Government "bail out" of Fannie Mae and Freddie Mac, provided an indication of the severe financial market turmoil to come as a result of the unwinding of loose lending policies and excessive credit provided during the housing boom over the past decade. At the time of the Lehman bankruptcy, the City owned a medium-term corporate bond in Lehman Bros. Holdings in the amount of \$125,000. The value of the bond as of December 31, 2008 was \$11,875. The unrealized loss of \$113,125 has been fully amortized as a component of investments earnings.

In response to the bankruptcy action taken by Lehman, the City has filed the necessary proof of claim with the United States Bankruptcy Court – Southern District of New York. Also, the City has entered into an agreement with a professional legal services firm to assist with the investigation and prosecution of a case against certain individuals or entities responsible for losses stemming from the City's investment in Lehman Bros. Finally, the City continues to participate with a working group of more than 80 cities, counties and special districts with combined Lehman exposure of approximately \$1.67 billion, seeking reimbursement of losses through the Federal Government's \$700 billion Troubled Assets Relief Program (TARP) signed into law on October 3, 2008.

During the quarter ended December 31, 2008, the City's pooled investment portfolio decreased by approximately \$2.22 million. Because the City receives the majority of property tax and related assessments only twice annually (approximately \$4.9 million in both January and May), overall cash balances during the months preceding the January distribution of revenues are expected to decline. Funds received from the two installments represent approximately 40% of budgeted revenues citywide; and are invested consistent with anticipated cash-flow requirements.

All investments held at December 31, 2008, but for the exception noted below, conform to the City's Investment Policy and the State of California Government Code. Based on the Administrative Services Department's cash flow projection as of December 31, 2008, funds on deposit and anticipated revenue collections for the period January 1, 2009 through June 30, 2009 are sufficient to meet all anticipated City expenditures during the same period.



**PORTFOLIO INVESTMENT EARNINGS**

Below is a comparison of actual Investment earnings on the City's portfolio to the fiscal year 2008-09 budget.

<u>Net Investment Earnings</u>	<u>Yield</u>	<u>General Fund</u>	<u>Other Funds</u>
<b><i>Quarter Ending 12/31/08</i></b>			
Budget	3.00%	\$ 40,000	\$ 148,150
Actual (1)	3.44%	<u>15,825</u>	<u>159,376</u>
<i>Variance</i>		<u><i>(\$ 24,175)</i></u>	<u><i>\$ 11,226</i></u>

(1) Includes amortization of unrealized market value loss

**INVESTMENT POLICY EXCEPTION**

1. Section 8.0(8) of the City's Investment Policy requires that the maturity of any corporate note held in the City's investment portfolio shall not exceed three years. As of December 31, 2008, each of the four corporate notes currently held in the investment portfolio have maturities ranging from approximately 2.00 to 4.25 years.

As discussed in the Investment Report for the quarter ended September 30, 2008, the City purchased the four corporate bonds (medium term notes) currently held in the investment portfolio on March 26, 2008. These investments were purchased under the presumption that the City was able to purchase corporate bonds with up to a five year maturity, consistent with the City's Investment Policy guidelines previously in place. On January 26, 2006, the City's Investment Policy was updated, and staff inadvertently modified the corporate bond maximum maturity from five to three years. As stated in the January 23, 2006 Investment Policy Revision memorandum to the City Council, *"It should be noted that the revised Policy has not deviated from and continues to demonstrate the primary investment program goals and objectives stated in the current Policy"*.

Staff will recommend necessary changes to the Investment Policy during the annual City Council Investment Policy review and approval process, expected to occur before May 2009.

**Alternatives Available to Council; Implications of Alternatives**

1. Request the City Treasurer to prepare supplemental information for review by the City Council at a future meeting.

**Fiscal Impact**

The current overall yield on the City's portfolio of investments is 3.20%. An average yield of 3.00% was forecasted in the City's adopted budget for Fiscal Year 2008-09. Staff will monitor investment earnings and recommend changes to the budget, if necessary.

Attachment A – Investment Portfolio Analysis

Attachment B – Treasury Investment Pool Quarterly Comparison



City of Auburn  
Portfolio Analysis  
Quarter Ending December 31, 2008

Attachment A

12/31/2008

	Market Value	Current Yield	Dollar Weighted Days to Maturity
<b><u>Fixed Rate Investments</u></b>			
US Government Bonds	\$ 3,037,300	3.96%	1,399
Corporate Notes	373,687	5.35%	1,205
Negotiable Certificates of Deposit	496,219	3.84%	662
<b>Subtotal:</b>	<b>\$ 3,907,206</b>		

Dollar-Weighted Average Yield: 4.08%  
Dollar Weighted Days to Maturity: 1,286

**Pooled Investments**

State of California LAIF	\$ 41,042	2.77%	1
Placer County Investment Pool	2,076,409	3.33%	1
<b>Subtotal:</b>	<b>\$ 2,117,451</b>		

Dollar-Weighted Average Yield: 3.32%  
Dollar Weighted Days to Maturity: 1

**Unrestricted Financial Institution Investments**

Wells Fargo Bank - Commercial Checking	\$ 996,282	0.45%	1
Wells Fargo Bank - Payroll Checking	67,339	0.45%	1
UMPQUA Bank Money Market	510,473	2.54%	1
ML Stern Securities (Money Markets)	14,926	1.33%	1
	<u>\$ 1,589,020</u>		

Dollar-Weighted Average Yield: 1.13%  
Dollar Weighted Days to Maturity: 1



**City of Auburn**  
**Portfolio Analysis**  
**Quarter Ending December 31, 2008**

**Attachment A**

12/31/2008

	<u>Market Value</u>	<u>Current Yield</u>	<u>Dollar Weighted Days to Maturity</u>
<b><u>Restricted Financial Institution Investments</u></b>			
Bank of America - Chiropractic Checking	\$ 5,086	0.00%	1
Bank of America - Vision Checking	3,494	0.00%	1
Bank of America - Dental Checking	9,405	0.00%	1
Bank of America - Landfill Closure Account	112,731	0.30%	1
Placer Sierra Bank - AUESD Relocation Account	16,041	0.00%	1
	<u>\$ 146,757</u>		
	<b>Dollar-Weighted Average Yield:</b>		<u>0.23%</u>
	<b>Dollar Weighted Days to Maturity:</b>		<u>1</u>

<b>Unrestricted Investment Portfolio Valuation</b>	<b>\$ 7,613,677</b>	<b>3.25%</b>	<b>661</b>
<b>Restricted Investment Portfolio Valuation</b>	<b>\$ 146,757</b>	<b>0.23%</b>	<b>1</b>
<b>Total Pooled Investments Portfolio Valuation</b>	<b>\$ 7,760,434</b>	<b>3.20%</b>	<b>648</b>
<b>Total AUDA Bond Proceeds Account</b>	<b>\$ 4,602,133</b>	<b>3.43%</b>	<b>466</b>



**City of Auburn**  
**Bond Maturity - Detail**  
**Quarter Ending December 31, 2008**

**Attachment A**

12/31/2008

<u>US Agency Bonds</u>	<u>Market Value</u>	<u>Current Yield</u>	<u>Maturity</u>
Federal Home Loan Bank (\$500K)	502,455	3.73%	12/5/2011
Federal Farm Credit Bank (\$500K)	500,155	3.80%	3/26/2012
Federal Home Loan Bank (\$500K)	501,095	4.04%	2/5/2013
Federal Home Loan Bank (\$500K)	502,030	4.18%	2/19/2013
Federal National Mortgage Assn (\$500K)	500,315	4.15%	2/20/2013
Federal National Mortgage Assn (\$500K)	531,250	3.88%	5/28/2013
<b>Subtotal:</b>	<b>\$ 3,037,300</b>		

**Dollar-Weighted Average Yield:** 3.96%  
**Dollar Weighted Days to Maturity:** 1,399

**Corporate Notes**

HSBC Finance Corp (\$125K)	121,190	5.42%	1/14/2011
Lehman Brothers Holdings (\$125K)	11,875	0.01%	1/18/2012
Citigroup, Inc (\$125K)	120,466	5.50%	10/17/2012
Merrill Lynch (\$125K)	120,156	5.67%	2/5/2013
<b>Subtotal:</b>	<b>\$ 373,687</b>		
<b>Dollar-Weighted Average Yield:</b>	<u>5.35%</u>		
<b>Dollar Weighted Days to Maturity:</b>		<u>1,205</u>	

**Negotiable Certificates of Deposit**

First Regional Bank (\$98K)	99,041	3.56%	11/30/2009
Washington Mutual Bank (\$98K)	99,105	3.71%	5/28/2010
Discover Bank (\$98K)	99,419	3.94%	11/29/2010
Capmark Bank (\$98K)	99,328	4.00%	5/31/2011
Provident Bank (\$98K)	99,326	4.00%	5/31/2011
<b>Subtotal:</b>	<b>\$ 496,219</b>		
<b>Dollar-Weighted Average Yield:</b>	<u>3.84%</u>		
<b>Dollar Weighted Days to Maturity:</b>		<u>662</u>	

<b>UBOC Total Valuation:</b>	<b>\$ 3,907,206</b>	<b>4.08%</b>	<b>1,286</b>
<b>Cost Basis:</b>	<b>\$ 3,988,410</b>		
<b>Net Unrealized Gain:</b>	<b>\$ (81,204)</b>		



## CITY OF AUBURN

TREASURY INVESTMENT POOL  
QUARTERLY COMPARISONS

Attachment B

	Investment Amounts at 12/31/08	Current Investment Yield	Investment Amounts at 09/30/08	Current Investment Yield	Investment Amounts at 06/30/08	Current Investment Yield
State of California L.A.I.F.	\$ 41,042	2.77%	\$ 40,757	2.77%	\$ 40,446	3.11%
Placer County Treasury Investment	2,076,409	3.33%	2,056,926	4.14%	2,036,193	4.05%
US Gov't/Agency Bonds (held by UBOC)	3,037,300	3.96%	4,481,230	4.03%	4,980,580	4.21%
Negotiable Certs. of Deposit (held by UBOC)	496,220	3.84%	484,357	3.94%	483,504	3.94%
Corporate Notes (held by UBOC)	373,686	5.35%	362,325	5.52%	488,811	5.87%
ML Stern & Piper Jaffray	14,926	1.33%	14,902	2.66%	14,848	0.87%
Wells Fargo Bank (Checking and Payroll)	1,063,621	0.45%	1,319,013	1.80%	2,122,606	1.22%
Bank of America (Landfill Trust Account)	112,731	0.30%	128,786	0.30%	94,309	0.30%
Bank of America (Vision Account)	3,494	0.00%	3,572	0.00%	3,629	0.00%
Bank of America (Dental Account)	9,405	0.00%	9,425	0.00%	9,505	0.00%
UMPUA Bank (Money Market Demand)	510,473	2.54%	1,054,972	2.90%	1,047,339	3.06%
Commercial Paper (held by UBOC)	-	0.00%	-	0.00%	-	0.00%
Granite Community Bank (Cert. of Deposit)	-	0.00%	-	0.00%	561,138	3.75%
Wells Fargo Bank (AUESD Relocation)	16,041	0.00%	16,041	0.00%	16,041	0.00%
Bank of America (Chiropractic Care Acct)	5,086	0.00%	5,148	0.00%	5,205	0.00%
<b>Totals</b>	<b>\$ 7,760,434</b>	<b>Overall Yield = 3.20%</b>	<b>\$ 9,977,454</b>	<b>Overall Yield = 3.62%</b>	<b>\$ 11,904,154</b>	<b>Overall Yield = 3.53%</b>
<b>AUDA Bond Proceeds Account</b>						
Reliance Trust Company (CDARS Program)	\$ 4,602,133	3.43%	N/A		N/A	
<b>Summary of Investments</b>						
	<b>12/31/2008</b>		<b>9/30/2008</b>		<b>6/30/2008</b>	
State Pool	0.3%	\$ 41,042	0.4%	\$ 40,757	0.3%	\$ 40,446
County Pool	16.8%	2,076,409	20.6%	2,056,926	17.1%	2,036,193
Corporate Bonds	3.0%	373,686	3.6%	362,325	4.1%	488,811
U.S. Agencies	24.6%	3,037,300	44.9%	4,481,230	41.8%	4,980,580
Negotiable Certificate of Deposit	4.0%	496,220	4.9%	484,357	4.1%	483,504
Commercial Paper	0.0%	-	0.0%	-	0.0%	-
Financial Institutions	14.0%	1,735,777	25.6%	2,551,859	32.5%	3,874,620
AUDA Bond Proceeds / Debt Svc Reserve	37.2%	4,602,133	0.0%	N/A	0.0%	N/A
<b>Investment Total</b>	<b>100.0%</b>	<b>\$ 12,362,567</b>	<b>100.0%</b>	<b>\$ 9,977,454</b>	<b>100.0%</b>	<b>\$ 11,904,154</b>



## CITY OF AUBURN

TREASURY INVESTMENT POOL  
QUARTERLY COMPARISONS

## Attachment B

City of Auburn Pooled Investment Accounts

	Investment Amounts at 03/31/08	Current Investment Yield	Investment Amounts at 12/31/07	Current Investment Yield	Investment Amounts at 09/30/07	Current Investment Yield
State of California L.A.I.F.	\$ 40,031	4.18%	\$ 39,539	4.80%	\$ 39,026	5.24%
Placer County Treasury Investment	30,096	4.36%	29,767	4.68%	29,288	5.14%
US Gov't/Agency Bonds (held by UBOC)	3,517,970	4.36%	3,496,410	4.00%	7,333,622	4.73%
Negotiable Certs. of Deposit (held by UBOC)	-	0.00%	-	0.00%	-	0.00%
Corporate Notes (held by UBOC)	499,058	5.67%	499,605	4.00%	498,175	4.01%
ML Stern & Piper Jaffray	14,810	1.61%	14,747	2.48%	14,651	3.00%
Wells Fargo Bank (Checking and Payroll)	4,081,156	1.90%	1,268,453	3.57%	(209,768)	3.98%
Bank of America (Landfill Trust Account)	62,525	0.30%	58,214	0.30%	34,004	0.30%
Bank of America (Vision Account)	3,687	0.00%	3,738	0.00%	3,788	0.00%
Bank of America (Dental Account)	9,545	0.00%	9,648	0.00%	9,668	0.00%
UMPQUA Bank (Money Market Demand)	1,038,832	4.01%	32,873	5.48%	32,441	5.48%
Commercial Paper (held by UBOC)	-	0.00%	-	0.00%	-	0.00%
Granite Community Bank (Cert. of Deposit)	555,859	3.75%	549,981	5.26%	542,816	5.26%
Wells Fargo Bank (AUESD Relocation)	16,041	0.00%	16,041	0.00%	16,041	0.00%
Bank of America (Chiropractic Care Acct)	5,260	0.00%	5,310	0.00%	5,354	0.00%
<b>Totals</b>	<b>\$ 9,874,870</b>	<b>Overall Yield = 3.29%</b>	<b>\$ 6,024,326</b>	<b>Overall Yield = 3.98%</b>	<b>\$ 8,349,106</b>	<b>Overall Yield = 4.67%</b>
<b>AUDA Bond Proceeds Account</b>	N/A		N/A		N/A	
Reliance Trust Company (CDARS Program)						
<b>Summary of Investments</b>	<b>3/31/2008</b>		<b>12/31/2007</b>		<b>9/30/2007</b>	
State Pool	0.4%	\$ 40,031	0.7%	\$ 39,539	0.5%	\$ 39,026
County Pool	0.3%	30,096	0.5%	29,767	0.4%	29,288
Corporate Bonds	5.1%	499,058	8.3%	499,605	6.0%	498,175
U.S. Agencies	35.6%	3,517,970	58.0%	3,496,410	87.8%	7,333,622
Negotiable Certificate of Deposit	0.0%	-	0.0%	-	0.0%	-
Commercial Paper	0.0%	-	0.0%	-	0.0%	-
Financial Institutions	58.6%	5,787,715	32.5%	1,959,005	5.4%	448,995
AUDA Bond Proceeds / Debt Svc Reserve	0.0%	N/A	0.0%	N/A	0.0%	N/A
<b>Investment Total</b>	<b>100.0%</b>	<b>\$ 9,874,870</b>	<b>100.0%</b>	<b>\$ 6,024,326</b>	<b>100.0%</b>	<b>\$ 8,349,106</b>



**CITY OF AUBURN  
TREASURY INVESTMENT POOL  
QUARTERLY COMPARISONS**

**Attachment B**

City of Auburn Pooled Investment Accounts

	<u>Investment Amounts at 06/30/07</u>	<u>Current Investment Yield</u>	<u>Investment Amounts at 03/31/07</u>	<u>Current Investment Yield</u>	<u>Investment Amounts at 12/31/06</u>	<u>Current Investment Yield</u>
State of California L.A.I.F.	\$ 38,524	5.25%	\$ 38,040	5.21%	\$ 37,558	5.11%
Placer County Treasury Investment	29,043	5.13%	28,683	5.06%	27,989	4.96%
US Gov't/Agency Bonds (held by UBOC)	6,882,163	4.69%	5,393,075	4.45%	3,677,820	4.06%
Negotiable Certs. of Deposit (held by UBOC)	-	0.00%	-	0.00%	-	0.00%
Corporate Notes (held by UBOC)	495,755	4.03%	994,570	5.25%	1,493,675	5.21%
ML Stern & Piper Jaffray	14,548	2.82%	14,447	2.62%	14,356	2.66%
Wells Fargo Bank (Checking and Payroll)	1,038,324	3.88%	717,237	3.88%	538,056	3.88%
Bank of America (Landfill Trust Account)	99,083	0.30%	19,414	0.30%	103,513	0.31%
Bank of America (Vision Account)	3,855	0.00%	3,902	0.00%	4,711	0.00%
Bank of America (Dental Account)	9,768	0.00%	9,920	0.00%	10,215	0.00%
UMPQUA Bank (Money Market Demand)	304,013	5.48%	300,013	5.42%	-	0.00%
Commercial Paper (held by UBOC)	1,214,322	5.33%	1,200,000	5.31%	-	0.00%
Granite Community Bank (Cert. of Deposit)	535,427	5.65%	527,857	5.65%	520,554	5.65%
Wells Fargo Bank (AUESD Relocation)	16,041	0.00%	16,041	0.00%	16,041	0.00%
Bank of America (Chiropractic Care Acct)	5,394	0.00%	5,434	0.00%	4,787	0.00%
<b>Totals</b>	<b>\$ 10,686,260</b>	<b>Overall Yield = 4.67%</b>	<b>\$ 9,268,633</b>	<b>Overall Yield = 4.68%</b>	<b>\$ 6,449,275</b>	<b>Overall Yield = 4.36%</b>

AUDA Bond Proceeds Account

Reliance Trust Company (CDARS Program)

N/A

N/A

Summary of Investments

	<u>6/30/2007</u>	<u>3/31/2007</u>	<u>12/31/2006</u>
State Pool	0.4%	0.4%	0.6%
County Pool	0.3%	0.3%	0.4%
Corporate Bonds	4.6%	10.7%	23.2%
U.S. Agencies	64.4%	58.2%	57.0%
Negotiable Certificate of Deposit	0.0%	0.0%	0.0%
Commercial Paper	11.4%	12.9%	0.0%
Financial Institutions	19.0%	17.4%	18.8%
AUDA Bond Proceeds / Debt Svc Reserve	0.0%	0.0%	0.0%
<b>Investment Total</b>	<b>\$ 10,686,260</b>	<b>\$ 9,268,633</b>	<b>\$ 6,449,275</b>





## *Report to the Auburn City Council*

Information Item

6  
Agenda Item No.

*[Signature]*  
City Manager's Approval

**To:** Mayor and City Council Members  
**From:** Mark D'Ambrogi, Fire Chief  
**Date:** March 23, 2009  
**Subject:** Fire Department 2009 Strategic Re-organization Plan

### **The Issue**

Shall the Council authorize, by resolution, the Fire Chief to implement the Auburn City Fire Department 2009 Strategic Re-organization Plan?

### **Conclusion and Recommendation**

Staff recommends the Council, by resolution, authorize the Fire Chief to implement the Auburn City Fire Department 2009 Strategic Re-organization Plan.

### **Background**

The fire department began the strategic planning process towards the later part of 2008. The 2009 Auburn City Fire Department Strategic Plan is intended to identify the most efficient and cost effective ways to deliver services with the resources provided. To facilitate the planning process a re-organization of the fire department has been proposed to best implement the Strategic Plan. The Strategic Re-organization Plan focuses on the mission, goals, and priorities while taking into consideration the resources allocated to the department. In addition, the economic climate has and will continue to provide challenges and this re-organization plan is intended to provide opportunity on how to best accomplish objectives with limited resources and funding.

The re-organization process begins with the elimination of the Battalion Chief position. Two individuals currently in these positions will retire. These positions will not be filled and this work schedule for the fire department will not be used at this time. The current "shift" schedule will be used



exclusively in the fire department; excepting the Fire Chief position. Three (3) Fire Captains will be assigned to function in the capacity of Duty Officer of which will consist of emergency response, command and control, and administrative duties. Each Fire Captain will be assigned to a shift and oversee the daily operations of all fire department activities and fulfill administrative duties under the direction of the Fire Chief. Three (3) Firefighter/Engineers will be assigned as Station Officers responsible for station operations and engine company personnel. The Station Officer will report directly to the Duty Officer. Typical daily engine company staffing will consist of the Station Officer, Firefighter/Engineer, and Relief Firefighter (volunteer personnel).

With the “move-up” of the Fire Captain to the Duty Officer responsibilities, qualified volunteer firefighting personnel will be eligible to “back-fill” the vacant third spot on the engine company each work period. This position is referred to as the “Relief Firefighter”, a part time, non-benefited, hourly compensated position. This position is currently being used in the fire department to assist in off-setting costs associated with vacation and sick leave of full time personnel. A job description has been revised specifically for this position since it will now become an integral part of daily operations. This job description, as approved, will be implemented and placed into the fire department Policy & Procedure Manual.

Personnel performing Duty Officer responsibilities and Station Officer duties will receive a 5% special assignment and or out-of-class pay according to the Auburn Firefighter’s Association MOU. This has been and continues to be standard practice for all personnel performing outside of their designated responsibilities.

In essence, the Auburn City Fire Department Strategic Re-organization Plan eliminates two positions and the work schedule at the “mid-management” level, moves up existing fire department personnel into “next-step” positions, and allows qualified volunteer firefighting personnel to function as engine company personnel in a part-time capacity.

#### **Alternatives Available to Council; Implications of Alternatives**

1. Authorize the Fire Chief to implement the Strategic and Re-organization Plan;
2. Take no action; the current structure of the fire department would remain as it is today.

---

### **Fiscal Impact**

Implementation Period: There are minor costs that will occur to implement this plan. Mostly in the area of personnel protective equipment; safety gear for personnel, and some minor station supplies. This is primarily a result of an increase to the volunteer firefighting force and utilizing volunteer personnel in a greater capacity at the station level. All potential costs for this initial implementation can and will be borne out of the current remaining budget for the fire department.

Short/Long Term Period: Short and long term will potentially produce reduced overall costs in personnel and benefits. This is attributed to the elimination of the Battalion Chief position and the use of part time personnel at the engine company level. No other fiscal impacts have been identified as a result of implementing this plan.



Mark D'Ambrogi  
Fire Chief

#### Attachments:

- 2009 Strategic Re-organization Plan
- Volunteer Firefighter; Revised job description
- Relief Firefighter; Revised job description

COPIES OF THE AUBURN CITY FIRE DEPARTMENT 2009 STRATEGIC RE-ORGANIZATION PLAN MAY BE OBTAINED FROM THE FIRE CHIEF'S OFFICE.





*Since 1852*

**2009  
Strategic Re-organization  
Plan**

**Auburn Fire Department  
2009 Strategic Reorganization Plan**

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**Auburn Fire Department  
2009 Strategic Reorganization Plan  
Overview**

This document has been established in an effort to achieve reorganizational strategies for the Auburn City Fire Department for the next 1-5 years. In developing such strategies aspects of the fire department were evaluated to include; personnel, staffing, budgeting, emergency service delivery, and other services provided. In doing so, the Mission, Mission/Vision Statement, and Goals were reviewed of which produced 2009 Strategic Priorities, Strategic Objectives and Tasks to Achieve Strategic Objectives, the basis of which the Fire Department functions.

The intent of this Strategic Plan is to identify the most efficient and cost effective way to deliver services with resources provided.

Much of this Strategic Plan is focused on basic principals of effective management that include:

- Delivery of critical essential services.

- Focus on the priorities that will offer the organization clear direction.

- Retain and develop top talent.

- Align the workforce around key goals.

- Offer new challenges, training and valuable experiences to personnel.

- Reduce costs and control spending.

- Refrain from across-the-board cutbacks.

- Create a positive vision and attitude that acknowledges reality.

- Create an environment for succession planning.



### **Our Mission:**

The Auburn City Fire Department is dedicated to the protection of life, property, and the environment as an emergency services provider.

### **Our Mission/Vision Statement:**

The Auburn City Fire Department, with dedication and tradition for over 150 years, continues to strive professionally and efficiently to respond to emergencies and calls of need, to provide public education, promote prevention, and protect the lives and property of all those we serve with pride and honor.

### **Our Goals:**

- The Auburn City Fire Department will provide emergency response services of the highest quality.
- The Auburn City Fire Department will continue to develop an organization to effectively administer and manage fire department resources.
- The Auburn City Fire Department will provide personnel with opportunities to enhance performance and support their abilities to meet challenging responsibilities.
- The Auburn City Fire Department will work with other City Departments and agencies to strengthen service opportunities and develop working relationships beneficial to our community.
- The Auburn City Fire Department will be accountable to our community and serve as a resource for the community.
- The Auburn City Fire Department will provide additional services to the community that foster educational awareness, emergency preparedness and economic and cultural growth.





## **Auburn Fire Department 2009 Strategic Priorities**

1. Provide emergency services that meet the needs of the community.  
Supporting needs for priority:
  1. Apparatus and equipment in top functioning condition
  2. Training and professional development at all personnel levels
  3. Contractual agreements in place for additional resources (Wild land contract and Dispatch contract)
  4. Participation in the Placer County Auto-Response Plan
  5. Participation in the Statewide Fire Mutual Aid System
2. Provide Fire Department services that directly impact economic development within the City.  
Supporting needs for priority:
  1. Participation in the Planning process
  2. Plan review and approval
  3. New development inspections
3. Provide Fire Department services to benefit the community.  
Services include:
  1. Weed abatement
  2. Vegetation/fuels management
  3. Public Education
  4. Inspection program
  5. GIS information data gathering



## 2009 Strategic Objectives:

- Deliver emergency services at a level equal to current service levels with the resources available.
- Maintain all fire department equipment and apparatus in a readiness state at all times.
- Provide fire department programs and services that directly impact economic development; development planning processes, plan review, inspections services, and Fire Plans for Development.
- Promote personnel training and professional development to include:
  - ✓ Succession Planning
  - ✓ Officer Development
  - ✓ Driver/Operator
  - ✓ Volunteer Relief Program
  - ✓ Volunteer FF Program
- Maintain a fiscal and efficient operation at all times through process and procedure.
- Actively participate and support community events and activities.
- Provide oversight and implementation of fuel programs such as; Weed Abatement, The American River Canyon Shaded Fuel Break, and Open Space (HOA's) Fire Plans, within the capabilities of the organizations resources.
- Evaluate the potential of "inter-City" department resource use for fire department related projects and services.





## 2009 Tasks to Achieve Strategic Objectives:

- Deliver emergency services at a level equal to current service levels with the resources available.
  - 1. Identify a Duty Officer Schedule
  - 2. Identify daily staffing on engine
  - 3. Evaluate Auto-aid plans with other fire agencies
- Maintain all fire department equipment and apparatus in a readiness state at all times.
  - 1. Identify responsible officer to oversee vehicle maintenance and repair program
    - a. Preventative maintenance
    - b. Repair
      - i. Coordinate with yard mechanic
      - ii. Implement established procedures for maintenance and repairs
- Provide fire department programs and services that directly impact economic development; development planning processes, plan review, inspections services, and Fire Plans for Development.
  - 1. Attend DRC weekly reviews
  - 2. Participate with Community Development in development meetings
  - 3. Continue interaction with members of the public on development standards
    - a. Office appointments
  - 4. Conduct Plan Review and Approval in a timely manner
    - a. Building Plans (Building Dept.)
    - b. Civil Plans (PW)
    - c. Fire Protection Plans (Fire)
  - 5. Conduct site inspections in a timely manner
    - a. Fire systems
    - b. Building Finals
    - c. Hazard Inspections
    - d. State Fire Marshal regulated facilities
    - e. Special Events
      - i. Request for inspection/complaint
  - 6. Complete Fire Plans for Development in a timely manner
    - a. Upon approval from Planning Commission

- Promote personnel training and professional development to include:
  - ✓ Succession Planning
    1. Provide expanded levels of experience to officers
    2. Utilize CSFM Level 2 Classes for training
  - ✓ Officer Development
    1. Continue with the CSFM and NWCG position development curriculums
      - a. Strike Team Leader
      - b. Division Group/Sup
      - c. Safety Officer
      - d. Incident Commander Type 3
  - ✓ Driver/Operator
    1. Provide DO training to all drivers/operators within the organization
  - ✓ Volunteer Relief Program
    1. Stimulate the FF Relief Program
      - a. Provide additional opportunities for personnel to perform in role
      - b. Officers to evaluate and certify qualified individuals as Relief FF
  - ✓ Volunteer FF Program
    1. Enhance the Volunteer Program
      - a. Recruitment/marketing
      - b. Obtain additional PPE and equipment
- Maintain a fiscal and efficient operation at all times through process and procedure.
  1. Identify ways to reduce operating costs
  2. Actively participate in the City Budget Process system
  3. Develop department budget as a "Maintenance Budget" to reflect actual costs of operations
  4. Use processes and procedures for all department purchases
    - a. Requisition Request
    - b. Purchase Order
- Actively participate and support community events and activities.
  1. Continue to be present at community events
    - a. Requested- meet expectations of requesting organization
    - b. Non-requested- positive promotion of the event, the fire department organization, and City as a whole
- Provide oversight and implementation of fuel programs such as; Weed Abatement, The American River Canyon Shaded Fuel Break, and Open Space (HOA's) Fire Plans, within the capabilities of the organizations resources.
  1. Weed Abatement; identify priorities "high profile" areas
    - a. Identify Officer in charge of program
    - b. Identify the process, time frames, and procedures



2. American River Canyon Shaded Fuel Break; privately owned parcels
  - a. Identify Officer in charge of project
  - b. Identify priority needs
  - c. Identify funding needs
    - i. Grant funding available
  - d. Work with other agencies/organizations regarding the Shaded Fuel Break on Public Lands adjacent to the City of Auburn
  - e. Project manager needs to be "open-minded" and look at various options and programs to accomplish desired results

➤ Evaluate the potential of "inter-City" department resource use for fire department related projects and services.

1. Identify possible programs/services where other City resources can be utilized to assist in providing:
  - a. Weed Abatement
  - b. Shaded Fuel Break
  - c. Final Building Inspections
  - d. State Fire Marshal regulated facilities
  - e. Hazard Inspections (initial)

**Auburn Fire Department  
2009 Strategic Reorganization Plan  
Definitions**

<b>Fire Chief-</b>	Chief/Executive Officer of the Fire Department
<b>Duty Officer-</b>	An officer assigned a given work period to perform duties as the command and control officer at significant incidents, act in the capacity of the Fire Chief after hours and in the absence of the Fire Chief, and coordinate emergencies with other City departments and agencies in the absence of the Fire Chief.
<b>Fire Captain-</b>	Officer assigned to a given shift (work period) responsible for operations and emergency response of engine company and engine company personnel. Actively engages in emergency activities. Assumes role of Duty Officer as required. An Officer working directly under the Fire Chief of which performs high administrative and managerial duties and assumes the role of the Fire Chief in his/her absence.
<b>Station Officer-</b>	Officer assigned to a given shift (work period) responsible for station operations and emergency response of engine company and engine company personnel. Actively engages in emergency activities. Assumes role of command and control at emergencies as required.
<b>Firefighter/Engineer-</b>	Personnel assigned to a given shift (work period) performing engine company duties that include driving and operating fire apparatus and actively engages in emergency activities. Assumes role of Station Officer as required.
<b>Relief Firefighter-</b>	Active Volunteer personnel performing duties similar to the Firefighter/Engineer in a part time compensation capacity. Such personnel have attained training levels and certification within the department to qualify for such duties. Relief FF's receiving hourly compensation; no benefits or "job" entitlements are associated with this position. Position is used primarily to fill vacancies of full time personnel.
<b>Volunteer Firefighter-</b>	Personnel performing emergency duties within training capabilities that support and augment the Auburn City Fire Department services. Such personnel are required to meet minimum training qualifications before actively engaging in emergency operations. The requirement of continued training to develop skill levels is a main focus of the volunteer program.



**Auburn Fire Department  
2009 Strategic Reorganization Plan  
Organizational Structure**

<b>Fire Chief; Admin M-F.</b>	
<b>Captains 3; (1 each shift) 24 hour Duty Officer coverage and administrative work.</b>	
<b>Relief FF's (Part time Volunteer personnel) 1- each shift to augment staffing.</b>	
<b>Position</b>	<b>Number of Positions</b>
Fire Chief	1
Fire Captains	3
Firefighter/Engineers	7
Relief Firefighters	3
<b>Total Personnel:</b>	<b>14.00</b>

**Fire Chief:**

Perform administrative duties as required. May be required to perform Duty Officer roles in interim basis.

Work schedule: Monday through Friday, normal business hours.

**Fire Captains:**

Would assume the duties of Duty Officer and perform administrative duties under the direction of the Fire Chief.

Work schedule: 48/96 shift schedule; A, B, & C shift.

**Firefighter/Engineers:**

Three (3) Firefighter/Engineers would assume the duties as Station Officer. Remaining FFE's to function as designated.

Work schedule: 48/96 shift schedule; A, B, & C shift.

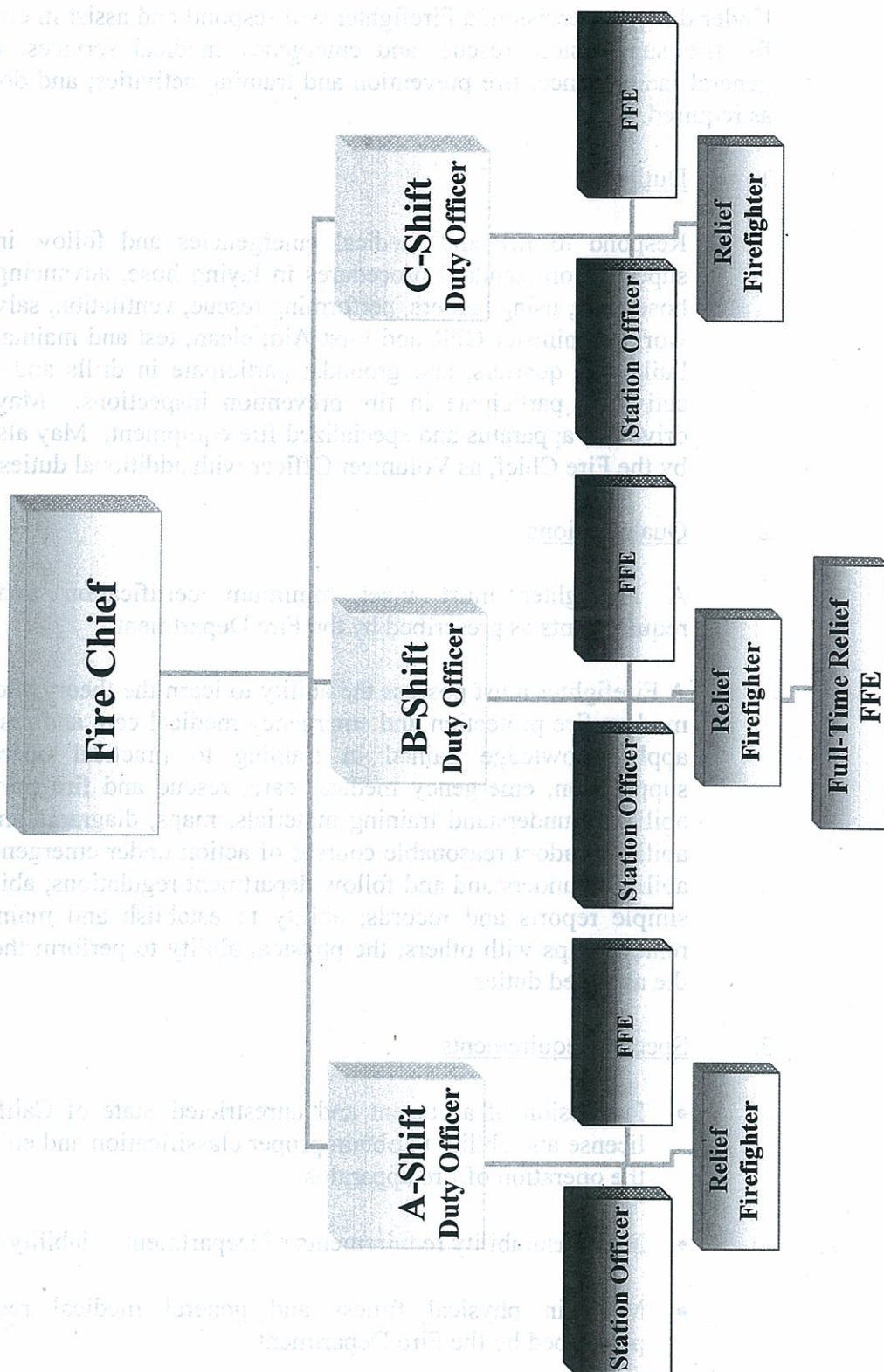
**Relief Firefighters:**

Qualified volunteer personnel would perform engine company personnel duties as required during assigned work periods.

Work schedule: As assigned to vacant work periods/shifts.

This reorganization is based upon utilizing existing personnel at the engine company level and placing them into additional roles such as Duty Officer coverage and administrative duties. In essence, this structure is based upon existing personnel performing at a higher level than normal, performing additional duties not usually assigned. It also entails participation from the lowest level, volunteer personnel, to be actively involved for this structure to be complete. Although it is a change, the change requires all personnel of the organization to be part of and perform at higher levels and perhaps in different roles. The commonality of this scenario is organizational personnel remain the same, only the roles change, of which may promote higher performance levels.

# Auburn Fire Department Re-Organization 2009





## **FIREFIGHTER, VOLUNTEER**

Under direct supervision, a Firefighter will respond and assist in emergency calls for fire suppression, rescue, and emergency medical services; participate in general maintenance, fire prevention and training activities; and do related work as required.

### **1. Duties**

Respond to fire and medical emergencies and follow instructions of superiors on standard procedures in laying hose, advancing and flowing hose lines, using ladders, performing rescue, ventilation, salvage, clean-up work; administer CPR and First Aid; clean, test and maintain equipment; buildings, quarters, and grounds; participate in drills and other training activities; participate in fire prevention inspections. May operate and drive fire apparatus and specialized fire equipment. May also be assigned by the Fire Chief, as Volunteer Officer with additional duties.

### **2. Qualifications**

A Firefighter must meet minimum certification and educational requirements as prescribed by the Fire Department.

A Firefighter must possess the ability to learn the theory and principles of modern fire protection and emergency medical care and rescue; ability to apply knowledge gained in training to practical operation of fire suppression, emergency medical care, rescue and fire prevention tasks; ability to understand training materials, maps, diagrams and schematics; ability to adopt reasonable courses of action under emergency conditions; ability to understand and follow department regulations; ability to prepare simple reports and records; ability to establish and maintain effective relationships with others; the physical ability to perform the essentials of the assigned duties.

### **3. Special Requirements**

- Possession of a current and unrestricted State of California driver's license and ability to obtain proper classification and endorsements for the operation of fire apparatus.
- Meet insurability requirements of Department's liability insurer(s).
- Maintain physical fitness and general medical requirements as prescribed by the Fire Department.

#### 4. Requirements

Firefighters will be required to participate and achieve levels of training and certification as required by Federal, State and Local standards to perform functions as related to a Volunteer Firefighter:

- Completion of a Basic Training Academy as required by the Western Placer County Fire Chief's Association or Equivalent (FF1 certification or completion of an accredited Fire Academy meet or exceed this requirement)
- Certified EMS First Responder and CPR For The Professional Rescuer
- Certified Wildland Firefighter; minimum FFT2, based on NWCG 310-1
- Hazmat First Responder Awareness
- Fire Department Harassment Training
- Completion of Auburn Fire Department Volunteer Check Off Sheet
- Station Officer Approval
- Maintain Satisfactory Personnel Performance Rating per AFD Form FA-82
- Above requirements shall be met within 1 year. Subject to review by the fire chief.



## **RELIEF FIREFIGHTER**

Under direct supervision, the Relief Firefighter is assigned to the fire engine for an assigned work period to assist in reducing additional costs associated with vacation, sick, and other leave of full time personnel. The Relief Firefighter will perform duties under the direction of the Station Officer.

### **1. Duties:**

Respond to fire and medical emergencies; follow instructions of superiors on standard procedures in laying hose, advancing and flowing hose lines, using ladders, performing rescue, ventilation, salvage, clean-up work; administer first aid and CPR; clean and maintain equipment, buildings, quarters, and station grounds; participate in drills and other training activities; assist with fire prevention and inspections. May drive and operate specialized fire equipment. May also be assigned additional duties or responsibilities by the fire chief.

### **2. Qualification:**

- Knowledge of modern fire suppression, medical care, rescue, and fire prevention methods.
- Knowledge of the operation, care, maintenance, and repair of fire equipment.
- Knowledge to safely carry out the above duties.
- Ability to establish and maintain effective relationships with others.
- The physical ability to perform the essentials of the duties.
- Possession of an unrestricted State of California driver's license.
- Meet insurability requirement of the department's liability insurer.
- Maintain general medical requirements as prescribed by the department.

### **2. Requirements:**

#### **Relief Firefighter Step A:**

- Requirements of Volunteer Firefighter must be met
- Station Officer Approval
- Maintain Satisfactory Personnel Performance Rating per AFD Form FA-82

#### **Relief Firefighter Step B:**

Maintain requirements from Step A in addition to-

- FSTEP-Vehicle Extrication
- Certified Wildland Firefighter; minimum FFT1, based on NWCG 310-1
- Annual Emergency Vehicle Operations Course
- FSTEP-Confined Space Awareness
- FSTEP-Hazmat First Responder Operational
- State Fire Marshal Volunteer Training Certificate (self paced)
- Maintain Satisfactory Personnel Performance Rating per AFD Form FA-82
- 1241 Operations Check Sheet

Relief Firefighter Step C:

Maintain requirements from Step A and B in addition to-

- Certified EMT
- FSTEP-Rapid Intervention Crew Techniques
- ICS-200 Basic ICS
- Maintain Satisfactory Personnel Performance Rating per AFD Form FA-82
- 1252 Operations Check Sheet

Relief Firefighter Step D:

Maintain requirements from Step A, B, and C in addition to-

- State Fire Marshal Firefighter I
- FSTEP-Low Angle Rope Rescue Operations
- FSTEP-Basic Emergency Vehicle Operations
- Maintain Satisfactory Personnel Performance Rating per AFD Form FA-82

### 3. Compensation

The Relief Firefighter, when assigned to fill the duties of the Firefighter/Engineer for a given work period, will be compensated on an hourly basis.

- The hourly compensation rate is the first step (A), hourly base salary rate, of the Firefighter/Engineer Salary Schedule in place at the time work is performed based on the Relief Firefighter compensation schedule.

The following schedule is used to calculate compensation:

Probationary A	Step A	Step B	Step C	Step D
5% of Step A for a Period of 6 months	5% of Step B	5% of Step C	5% of Step D	1 <sup>st</sup> Step (A) FFE Schedule

### 4. Benefits

The Relief Firefighter is not entitled to any benefits such as employment entitlement, vacation, sick leave, holiday pay, incentive pay, or other benefits as outlined in the MOU that covers full time members of the fire department or as applies to other "part time" employees within the City.

Accumulated part time hours applied towards full-time employment length of service credit.

- If a Relief Firefighter attains the status of full-time employee in the fire department through a recruitment and testing process, all time worked in "part-time" capacity will be applied to length of service credit.
  - Length of service credit will only be applicable to: vacation accrual, sick leave accrual, and longevity status
- Such "part-time" hours will be applied as appropriate based on the full-time position appointed to.



- 2012 hours equals one (1) service year
- All part time hours will be prorated to determine service credit

## 5. Evaluation/Probation

All personnel working in the Relief Firefighter program will be subject to evaluation for all periods of work.

- A Probationary Period of six (6) months is established prior to Step A
- Unsatisfactory Personnel Performance Ratings may result in loss of step increase and or reduction in step

Probationary A 2nd of Step A for a Period of 6 months	Step A 2nd of Step B	Step B 2nd of Step C	Step C 2nd of Step D	Step D 1st Step (A) PRR Schedule

## 4. Benefits

The Relief Firefighter is not entitled to any benefits such as employment commitment, vacation, sick leave, holiday pay, incentive pay, or other benefits as outlined in the MOU that covers full time members of the fire department or as applies to other "part time" employees within the City.

Accumulated part time hours applied towards full-time employment length of service credit.

- If a Relief Firefighter attains the status of full-time employee in the fire department through a recruitment and testing process, all time worked in "part-time" capacity will be applied to length of service credit.
- Length of service credit will only be applicable to vacation accrual, sick leave accrual, and longevity status.
- Such "part-time" hours will be applied as appropriate based on the full-time position appointed to.

1 RESOLUTION NO. 09-

2 RESOLUTION AUTHORIZING THE FIRE CHIEF TO IMPLEMENT THE 2009  
3 AUBURN CITY FIRE DEPARTMENT STRATEGIC RE-ORGANIZATION PLAN  
4 -----

5 THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

6 That the City Council of the City of Auburn does hereby approve the  
7 Auburn City Fire Department 2009 Strategic Re-organization Plan including the  
8 job description for the Relief Firefighter position as used in the plan.

9 The Fire Chief of the City of Auburn is authorized and directed to  
10 implement the Auburn City Fire Department 2009 Strategic Re-organization  
11 Plan by April 1, 2009.

12 DATED: March 23, 2009

13  
14  
15 \_\_\_\_\_  
J.M. Holmes, Mayor

16 ATTEST:

17 \_\_\_\_\_  
Joseph G. R. Labrie, City Clerk

18  
19 I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify  
20 that the foregoing resolution was duly passed at a regular meeting of the City  
21 Council of the City of Auburn held on the 23rd day of March 2009 by the  
22 following vote on roll call:

23 Ayes:

24 Noes:

Absent:

25 \_\_\_\_\_  
Joseph G. R. Labrie, City Clerk



RESOLUTION NO. 03-

RESOLUTION AUTHORIZING THE FIRE CHIEF TO IMPLEMENT THE 2009  
AUBURN CITY FIRE DEPARTMENT STRATEGIC RE-ORGANIZATION PLAN

THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn does hereby approve the  
Auburn City Fire Department 2009 Strategic Re-organization Plan including the  
job description for the Relief Firefighter position as used in the plan.  
The Fire Chief of the City of Auburn is authorized and directed to  
implement the Auburn City Fire Department 2009 Strategic Re-organization  
Plan by April 1, 2009.

DATED: March 23, 2009

J.M. Holmes, Mayor

ATTEST:

Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify  
that the foregoing resolution was duly passed at a regular meeting of the City  
Council of the City of Auburn held on the 23rd day of March 2009 by the  
following vote on roll call:

Ayes:  
Noes:  
Absent:

Joseph G. R. Labrie, City Clerk



## *Report to the Auburn City Council*

Action Item
Agenda Item No. 7

City Manager's Approval
-------------------------

**To:** Mayor and City Council Members  
**From:** Reg Murray, Senior Planner *[Signature]*  
**Date:** March 23, 2009  
**Subject:** Relaxing Temporary Sign Regulations

### *The Issue*

Shall the City Council direct the Community Development Department to temporarily relax the City of Auburn's sign regulations relating to temporary signs?

### *Conclusions and Recommendations*

The Auburn Planning Commission and the Auburn Historic Design Review Commission recommend that the Auburn City Council take the following action:

- A. By Resolution, provide the Community Development Director with authority to utilize prosecutorial discretion in the application of the temporary sign requirements of the City of Auburn, subject to the provisions listed in Exhibit A.

### *Background*

On February 17, 2009, the Auburn Planning Commission and Auburn Historic Design Review Commission expressed interest in relaxing temporary sign provisions in the City and requested that staff develop provisions for their consideration. Staff developed temporary sign provisions and forwarded them to both commissions (Attachment 1). On Tuesday, March 3, 2009, as part of a joint hearing item, both Commissions reviewed the temporary sign provisions and voted to recommend that the City Council implement the program. The Commissions' recommendations are being forwarded to the City Council at this time for the Council's consideration (Exhibit A).

The proposed program establishes the Community Development Director as the approving authority for temporary signs. Applications for temporary signs will be required (for tracking purposes), however, it will be a "no fee" request. All applications will be reviewed by the CDD on a case-by-case basis. The term of the program is limited to 6-months from the Council's adoption of the program, at which time staff will come back to the Commissions and the City Council to report how the program is working and to determine whether it should be extended.

The recommended provisions from the Planning and Historic Design Review Commissions were forwarded to the Chamber of Commerce, the Old Town Business Association, the Downtown Business Association, and the Hwy 49 Business Association. Bruce Cosgrove with the Auburn



Chamber of Commerce contacted staff to indicate the Chamber's support of the program (see Attachment 2).

### **Alternatives Available; Implications of Alternatives**

1. Take no action. The Community Development Department will continue to enforce temporary signs consistent with the requirements of the Auburn sign ordinance.
2. Direct staff to develop specific requirements and return to a subsequent City Council hearing.

### **Fiscal Impact**

Staff time may be impacted to process the new temporary sign applications; however, a time savings could be realized through a potential reduction in the number of enforcement proceedings against temporary signs.

### **Additional Information**

Attachments:

1. Joint Memo to Planning Commission & HDRC dated March 3, 2009
2. E-mail from the Chamber of Commerce supporting the program

Exhibit:

- A. Resolution for temporary sign provisions, including recommended provisions and maps illustrating areas of applicability

cd:/City Council/Reports/Temporary Sign Provisions.CCreport1





# Memorandum

## City of Auburn Community Development Department

**To:** Auburn Planning Commission and Auburn Historic Design Review Commission  
**From:** Reg Murray, Senior Planner *RM*  
**Date:** March 3, 2009  
**Subject:** Relaxing Temporary Sign Regulations

During its review of Commission priorities on February 17, 2009, the Historic Design Review Commission (HDRC) discussed sign issues affecting the Community, including temporary signs. Due to the current economic climate and it's affect on local businesses, the Commission expressed interest in exploring ways in which the City could temporarily relax it's regulations regarding temporary signs. Since this issue affects both the Old Town & Downtown areas, as well as other areas with the City, this item is being provided to both the Planning Commission and the HDRC for their joint consideration.

### Current Provisions -

The City's sign ordinance currently limits temporary signs such as banners, balloons, and A-frame signs (Attachment 1). Per Section 159.196(C) banners for advertising are prohibited, though grand openings are allowed temporary banners for up to 30 days. Balloons are prohibited except for grand openings and car dealerships. A-frame signs are permitted for open house purposes, though A-frames for other purposes are subject to review and approval.

### Issues -

Relaxing the City's standards for temporary signs raises a number of issues that the Planning Commission and the HDRC may wish to consider. The issues include:

1. **Quantity** – Does the Commission wish to limit the number of temporary signs that a business can have at any one time (i.e. no more than one temporary sign per tenant; or per side of a building)? Does the commission wish to limit the number of requests a business can make over a particular period of time?
2. **Type** – Does the Commission wish to put limitations on how many different types of temporary signs are present at any one time (i.e. can a business multiple types of temporary signs such as banners, A-frames, and balloons all at the same time?)?
3. **Size** – Should the size of banners, A-frames, and/or balloons have any limitations?



4. **Duration** – Does the Commission wish to set time limits for how long a temporary sign can remain in place? If a time limit is set (e.g. a 3-month time frame) what would prevent a business from approaching the City for another permit after the expiration of the initial permit?
5. **Balloons** – Does the City wish to place any limits on the type of balloons allowed with the temporary relaxation of standards. Possible options to consider include regular (party-size) balloons, large inflatable devices (e.g. gorillas; ice cream cones; etc.), large air blown moving devices (e.g. large floppy moving figures); and the small airborne barrage balloons.
6. **A-frame signs** – The placement of A-frame signs will need to maintain ADA accessibility and obtain an encroachment permit if within the City right-of-way.
7. **Mobile signs** – Does the Commission wish to provide direction on mobile signs? These are signs that are attached to vehicles (typically trailers) and can move around town. They can be parked on-site or off-site and can include electronic messages. The Auburn Police Department has concerns regarding the use of electronic message boards. These message boards distract motorists and compete with safety message boards.
8. **Location** – Should the temporary sign provisions apply City-wide, or just to certain areas such as Old Town and/or Downtown?

#### **Staff Recommendation -**

Staff has the following recommendations relative to temporary sign provisions:

- A. The tenant/property owner will be required to submit a temporary sign application to the Community Development Department for review and approval. No application fee will be collected by the City.
- B. Each application will be reviewed on a case-by-case basis to determine the appropriateness of the request, including, but not limited to, the location, size, and number of signs.
- C. Staff recommends implementing the temporary sign provisions for a period of six (6) months. At the end of that time frame, staff would review the status of the program with the HDRC, the Planning Commission, and City Council to determine if the term of the program should be extended.
- D. **Quantity** – Staff recommends that the number of signs be reviewed and approved by staff.
- E. **Type** – Staff recommends that staff review and approve the mix of signs associated with a proposal.
- F. **Size** - Staff recommends that staff review and approve the size of signs associated with a proposal.
- G. **Duration** – Staff recommends that staff review and approve the time frame that temporary signs are allowed to remain in place.



- H. Balloons** – Staff recommends limiting the use of balloons to the typical “birthday” size balloons (i.e. maximum approximately 14” in diameter) and prohibiting the use of large inflatable rooftop balloons, barrage balloons, and moving balloons powered by air blowers.
- I. A-frame signs** – A-frame signs would be reviewed on a case-by-case basis to insure ADA accessibility and an encroachment permit (if located within the City right-of-way).
- J. Mobile signs** – Staff recommends against the use of mobile signs.
- K. Location** – Staff recommends that the temporary sign provisions only apply to the Old Town and Downtown districts, the Hwy 49 corridor, and the Nevada Street corridor. Staff recommends limiting the program to these more mainstream commercial areas. The City currently receives resident complaints against businesses in the other, smaller, outlying commercial pockets of town (e.g. Auburn Folsom at Herdal).
- L. Type of Business** – Staff recommends that the provisions only apply to a commercial business.

The recommendations from this joint review by the HDRC and the Planning Commission will be forwarded to the Auburn City Council for their review and consideration.

#### Attachments:

##### 1. Sign Ordinance (excerpted)

CDD/PC Information/Temporary Sign Standards.PC



(B) Notification of the sign control shall be included in the business license.

(1973 Code, § 9-4.1011) (Ord. 786, eff. 6-8-1983; Am. Ord. 88-3, eff. 5-11-1988) Penalty, see § 159.999

#### § 159.196 SIGN TYPES.

(A) *Permitted on premise signs.* The following on-premise signs shall be permitted:

(1) Real property signs conforming to the provisions of § 159.204;

(2) Home-occupation signs;

(3) Trade construction signs;

(4) Master shopping center signs;

(5) Minor shopping center signs;

(6) Individual business signs;

(7) Freestanding signs;

(8) Directory signs; and

(9) Identification signs.

(B) *Permitted off-premise signs and regulations.* No off-premise sign shall be constructed unless and until the Commission has issued a use permit therefor, and all off-premise signs shall comply with the following conditions.

(1) No sign shall be permitted unless the applicant can show that the sign is necessary because of unusual access to the commercial business establishment.

(2) No sign shall be erected or maintained on premises used for residential purposes.

(3) No sign shall overhang public property, nor shall it violate the terms of height restrictions.

(4) No sign shall be located within 660 feet of a freeway.

(5) There shall be no more than 1 off-premise sign on any one parcel.

(6) Visual access to an existing sign shall not be blocked or impaired.

(7) All such signs shall comply with the provisions for setbacks in the district located therein.

(8) The maximum size shall be 100 square feet.

(C) *Permitted miscellaneous signs and regulations.* The following miscellaneous signs shall be permitted:

(1) Signs on company vehicles;

(2) Signs which contain banners, balloons, pennants or pinwheels shall be prohibited, except announcements of a public event. Grand openings shall be permitted to have the signs not to exceed 30 days;

(3) "A" frame or sandwich signs for open house purposes shall be permitted by right; however, other sign uses shall be subject to review and approval;

(4) Murals, graphics, awnings, canopies, time and temperature, barber poles, neon, wall and window signs reviewed on an individual basis;

(5) Political signs shall be removed within 15 days after the election; and

(6) Community directional signs.

(D) *Prohibited signs.* The following signs shall be prohibited:

(1) Roof signs;

(2) Signs on trees or vehicle tops;



(3) Signs which rotate, move, flash, blink, or appear to do any of such shall be prohibited unless required by law or utilized by the proper governmental agency; and

(4) Signs on any public property or public right-of-way shall be prohibited unless otherwise authorized by this chapter.  
(1973 Code, § 9-4.1013) (Ord. 786, eff. 6-8-1983)

#### **§ 159.197 SIGN LOCATIONS, HEIGHT, SETBACKS AND SIZE.**

The regulations shall be applicable for all signs within the city and shall be as set out in Appendix B to this chapter.  
(1973 Code, § 9-4.1014) (Ord. 786, eff. 6-8-1983; Am. Ord. 92-5, eff. 5-13-1992)

#### **§ 159.198 SIGN COLORS.**

Sign colors shall be compatible with the area to be served and/or the building the sign is to be attached to. Company logos may be considered.  
(1973 Code, § 9-4.1015) (Ord. 786, eff. 6-8-1983)

#### **§ 159.199 SIGN AREA.**

In computing the maximum permissible sign area or display surface, all signs designed to be seen from off the premises upon which the sign is, or is proposed to be, located shall be included; provided, however, only 1 face of a double face sign shall be included. The structure supporting a sign shall not be included in determining the sign area unless the structure is designed in a way to form an integral background for the display.  
(1973 Code, § 9-4.1016) (Ord. 786, eff. 6-8-1983)

#### **§ 159.200 NON-CONFORMING SIGNS.**

Except as otherwise provided in this chapter, non-conforming on-premise signs shall be made to

conform to the provisions of this chapter upon the change of the name of any business, the relocation of any business or an application for a sign for any business.

(1973 Code, § 9-4.1017) (Ord. 786, eff. 6-8-1983)

#### **§ 159.201 ABANDONED SIGNS.**

No person shall maintain or permit to be maintained on any premises owned or controlled by him or her any sign which pertains to an abandoned business. Any such sign shall promptly be removed by the owner or other person. Any sign which is located on property which becomes vacant and unoccupied for a period of 60 days or more, or any sign which was erected for an occupant or business unrelated to the present occupant or his or her business, or any sign which pertains to a time, event or purpose which no longer applies shall be presumed to have been abandoned.

(1973 Code, § 9-4.1018) (Ord. 786, eff. 6-8-1983)  
Penalty, see § 159.999

#### **§ 159.202 TRAFFIC HAZARDS.**

The minimum height clearance for any sign shall not be less than 8 feet above the ground where pedestrian traffic may occur underneath the sign nor less than 14 feet above any driveway, alleyway or street designed for vehicular traffic.

(1973 Code, § 9-4.1019) (Ord. 786, eff. 6-8-1983)

#### **§ 159.203 FEES.**

Fees shall be charged pursuant to a resolution of the Council.

(1973 Code, § 9-4.1020) (Ord. 786, eff. 6-8-1983)

#### **§ 159.204 REAL PROPERTY SIGNS.**

Real property signs shall be placed upon the property only in accordance with the following regulations.



**Reg Murray**

**From:** Bruce Cosgrove [Bruce@auburnchamber.net]  
**Sent:** Monday, March 09, 2009 1:02 PM  
**To:** Reg Murray  
**Cc:** Ann Rivero; bill radakovitz  
**Subject:** RE: Temporary Sign Provisions

Reg,

Thanks for sending this "draft" to me. I believe this is a good program, in these economic times, for the City to be offering local business. Maintaining control by requiring a "temp sign application" for approval is smart (good business), and waiving any "application fee" for this temporary sign program sends the message that the City recognizes and appreciates the economic challenges all are currently dealing with.

Have a great week.

Bruce

Bruce L. Cosgrove, CEO  
 Auburn Chamber of Commerce

601 Lincoln Way  
 Auburn, CA 95603  
 Ph: 530.885.5616 x226  
 FAX#: 530.885.5854

Email: bruce@auburnchamber.net

-----Original Message-----

**From:** Reg Murray [mailto:rmurray@auburn.ca.gov]  
**Sent:** Thursday, March 05, 2009 3:48 PM  
**To:** Bruce Cosgrove  
**Cc:** Will Wong; Robert Richardson  
**Subject:** Temporary Sign Provisions

Hello Bruce,

I believe that Will left a message with you earlier today to expect the attached information regarding the temporary sign provisions that the City will be considering in the near future.

Please let me know if you have any questions.

Thank you,

Reg Murray  
 Senior Planner  
 Auburn Community Development Department  
 p: 530-823-4211 ext 140  
 f: 530-885-5508  
 rmurray@auburn.ca.gov

-----Original Message-----

**From:** xerox  
**Sent:** Friday, March 06, 2009 1:14 AM  
**To:** Reg Murray



## RESOLUTION NO. 09-

RESOLUTION PROVIDING THE COMMUNITY DEVELOPMENT DIRECTOR WITH  
PROSECUTORIAL DISCRETION RELATING TO TEMPORARY SIGNS  
-----

## THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn recognizes the difficulties that local merchants are having in the current economic climate;

That a relaxation of the City's temporary sign standards in select areas of town will assist local merchants; and

That the City Council of the City of Auburn hereby provides the Community Development Director with authority to utilize prosecutorial discretion in the application of the temporary sign requirements of the City of Auburn, subject to the provisions listed in the attached Exhibits.

DATED: March 23, 2009

\_\_\_\_\_  
J.M. Holmes, Mayor

ATTEST:

\_\_\_\_\_  
Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify that the foregoing resolution was duly passed at a regular meeting of the City of Auburn held on the 23<sup>rd</sup> day of March, 2009 by the following vote on roll call:

Ayes:

Noes:

Absent:

\_\_\_\_\_  
Joseph G. R. Labrie, City Clerk



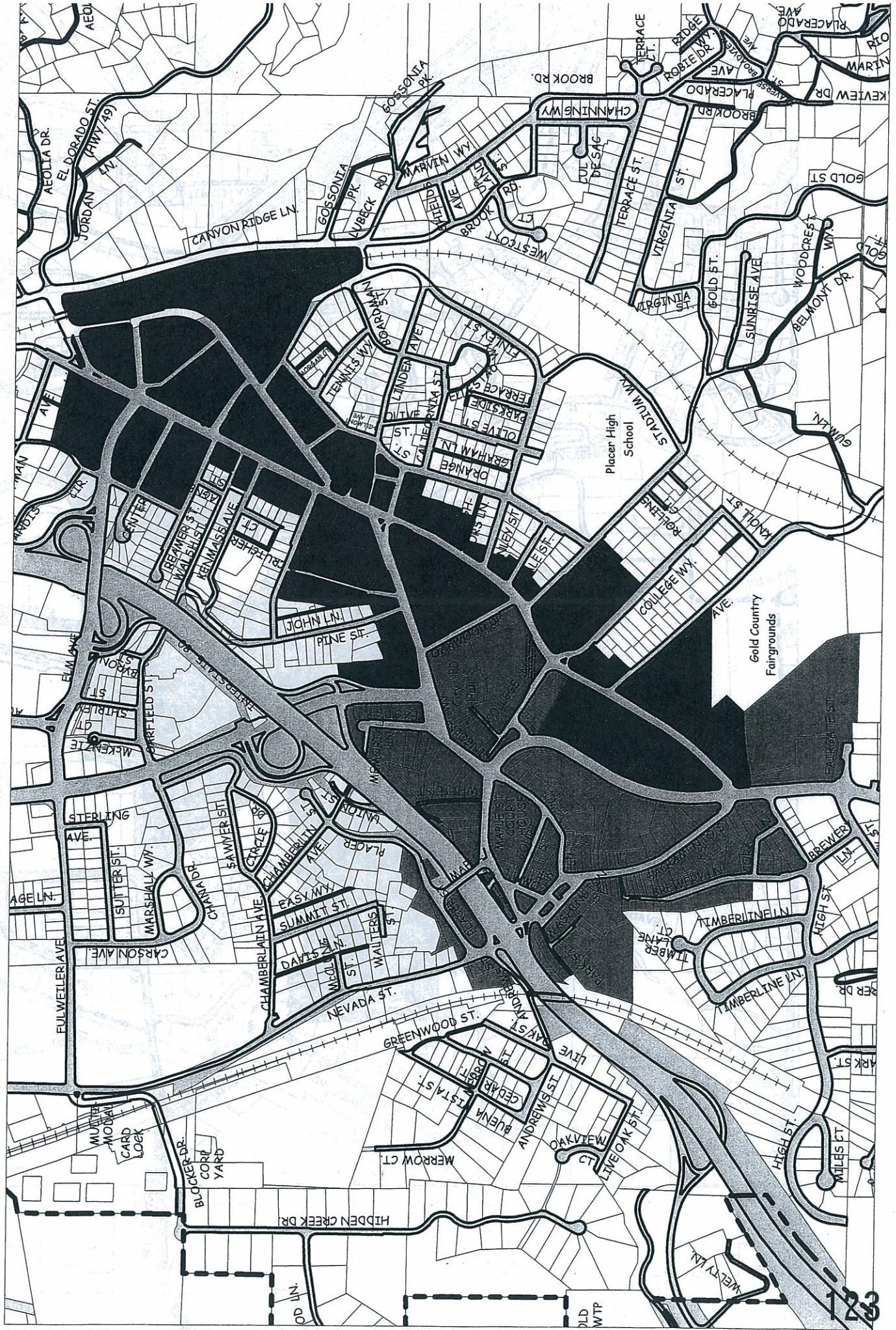
### Recommended Temporary Sign Provisions

The Community Development Department, Planning Commission, and Historic Design Review Commission recommend the following provisions for temporary signs:

1. The tenant/property owner will be required to submit a temporary sign application to the Community Development Department for review and approval. No application fee will be collected by the City.
2. Each application will be reviewed on a case-by-case basis to determine the appropriateness of the request, including, but not limited to, the location, size, and number of signs.
3. The program allowing for temporary signs will be valid for an initial period of six (6) months following adoption by the Auburn City Council. At the end of the initial period, staff will review the status of the program with the HDRC, the Planning Commission, and City Council to determine if the term of the program should be extended.
4. **Quantity** – The number of signs will be reviewed and approved by staff.
5. **Type** – Staff will review and approve the mix of signs associated with a proposal.
6. **Size** - Staff will review and approve the size of signs associated with a proposal.
7. **Duration** – Staff will review and approve the time frame that temporary signs are allowed to remain in place.
8. **Balloons** – The use of balloons will be limited to the typical “birthday” size balloons (i.e. maximum approximately 14” in diameter). Mylar balloons will be discouraged. The use of large inflatable rooftop balloons, barrage balloons, and moving balloons powered by air blowers will be prohibited.
9. **A-frame signs** – Staff will review and approve A-frame signs on a case-by-case basis to insure ADA accessibility and an encroachment permit (if located within the City right-of-way).
10. **Mobile signs** – The use of mobile signs will be prohibited.
11. **Location** – The temporary sign provisions will only apply to on-site signs located within the Old Town and Downtown districts, the Hwy 49 corridor, and the Nevada Street corridor.
12. **Type of Business** – The temporary sign provisions will only apply to a commercial business.



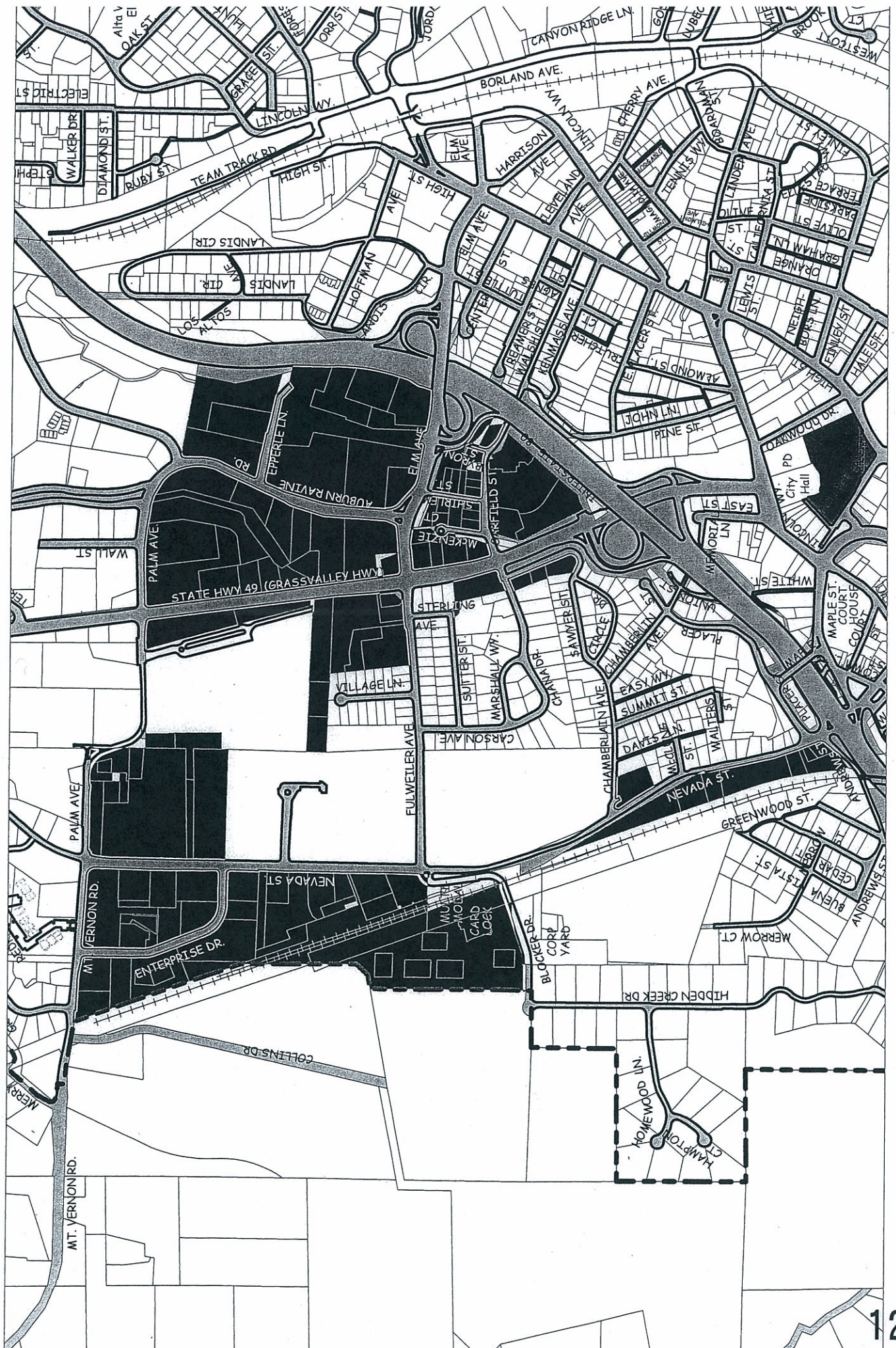
# Old Town and Downtown Historic Districts

















## Report to the Auburn City Council

Action Item

Agenda Item No. 9

City Manager's Approval

**To:** Mayor and City Council Members  
**From:** Robert Richardson, City Manager  
**Prepared by:** Anne M. Cooley, Deputy/Assistant City Clerk  
**Date:** March 23, 2009  
**Subject:** Technical Rock Climbing

### The Issue

Informational item only: Rock climbing in the Auburn State Recreation Area.

### Conclusion and Recommendation

No action is required.

### Background

At the Auburn City Council Meeting of March 9, 2009 Gordon Ainsleigh presented a resolution to the Council requesting the California Department of Parks and Recreation, Goldfields District, to accelerate approval of technical rock climbing in the Auburn State Recreation Area. He reasoned that it would be beneficial to the City of Auburn to attract visitors to the area. Mr. Ainsleigh asked for Council encouragement and support of rock climbing in the Auburn State Recreation Area. He requested the item placed on an agenda in order that he could provide the Council with a complete informational presentation.

Mayor Holmes asked that the item be included in the agenda of March 23, 2009 as in informational item. He advised that Council Members could present their questions at that time.

### Fiscal Impacts

None



(Proposed)  
**RESOLUTION**

From the Auburn City Council

April 13, 2009

**REQUESTING THE  
CALIFORNIA DEPARTMENT OF PARKS AND RECREATION,  
GOLDFIELDS DISTRICT,  
TO ACCELERATE APPROVAL  
OF TECHNICAL ROCK CLIMBING  
IN AUBURN STATE RECREATION AREA**

WHEREAS: The Goldfields District of the California Department of Parks and Recreation (Goldfields), of which Auburn State Recreation Area (Auburn SRA) is a part, manages the federally-owned lands in the North and Middle Fork American River Canyons on the eastern rim of the City of Auburn, and that management greatly affects the health, happiness and prosperity of the Auburn community; and

WHEREAS: Goldfields is currently developing an updated General Plan/Interim Resource Management Plan for Auburn SRA that shows every appearance of including technical rock climbing as an approved activity, but said plan appears to be several years from completion; and

WHEREAS: It is within the duties of the City of Auburn to encourage decisions by other governmental bodies that enhance the health, happiness and prosperity of Auburn's citizens; and

WHEREAS: The infusion of climbers into Auburn SRA would greatly benefit Auburn businesses whose survival is threatened by the rapidly worsening economy, especially in the winter when demand for climbing in Auburn SRA is expected to be greatest, and when river recreation in Auburn SRA is low; and

WHEREAS: A nonprofit climbing organization, Climbing Resource Advocates for Greater Sacramento (CRAGS), will soon present Goldfields with an Interim Climbing Management Plan patterned after other successful climbing resource plans used at the most successful climbing areas in America; and said nonprofit, representing the desire of many Northern California and Sacramento-area climbers to climb and otherwise recreate at Auburn, is working in conjunction with The Access Fund, a national climbing organization representing climbers from throughout the nation, including the San Francisco Bay Area, where there is strong demand for climbing in the Auburn SRA;

Now therefore:

BE IT RESOLVED that the Auburn City Council and the City of Auburn does request that the implementation of an Interim Climbing Management Plan and the approval of technical rock climbing by Auburn SRA and Goldfields be accelerated as much as possible in advance of completion of the updated General Plan/Interim Resource Management Plan so the people and businesses of the Auburn area may benefit from this infusion of climbing-related recreational tourism and consequent increased prosperity in the very immediate future, when the economic need is great.

AND NOW, BE IT FURTHER RESOLVED that the Auburn City Council and the City of Auburn make this request of Goldfields for the betterment of the life, health, happiness and prosperity of the people of Auburn, the residents of Placer County, the inhabitants of the Greater Sacramento and San Francisco Bay Areas, and the citizens of California.



Now therefore:

BE IT RESOLVED that the Auburn City Council and the City of Auburn does request that the implementation of an Interim Climbing Management Plan and the approval of technical rock climbing by Auburn SRA and Goldfields be accelerated as much as possible in advance of completion of the updated General Plan/Interim Resource Management Plan so the people and businesses of the Auburn area may benefit from this infusion of climbing-related recreational tourism and consequent increased prosperity in the very immediate future, when the economic need is great.

AND NOW, BE IT FURTHER RESOLVED that the Auburn City Council and the City of Auburn make this request of Goldfields for the betterment of the life, health, happiness and prosperity of the people of Auburn, the residents of Placer County, the inhabitants of the Greater Sacramento and San Francisco Bay Areas, and the citizens of California.



## *Report to the Auburn City Council*

Action Item  
Agenda Item No. 10

City Manager Approval

**To:** Mayor and City Council Members  
**From:** Jack Warren, Director of Public Works  
Bernie Schroeder, Engineering Division Manager  
**Date:** March 23, 2009  
**Subject:** 2008-2009 Street Overlay Program

### **The Issue**

Informational Update

### **Conclusion and Recommendation**

For Informational Purposes Only

### **Background**

The Department of Public Works has prepared bid documents for the 2008-2009 Street Overlay Program. The street that is included in the bid documents is Indian Hill Road from Auburn Folsom Road to the City Limits. The project involves some base repair and overlay of the roadway. A portion of the funding for this project comes from the Regional Surface Transportation Program (RSTP), a federal program which requires the money be spent on a federally classified roadway. Indian Hill Road qualifies and is included in the City's Overlay Program. The City must wait for Caltrans and Federal Highways Administration (FHWA) to authorize the project prior to the project being advertized, but staff expects authorize from Caltrans and FHWA by April/May to allow for advertizing by mid-May and award by Mid- June.

### **Alternatives Available to Council; Implications of Alternatives**

1. Allow staff to proceed with project; Staff will bring back to the Council for permission to advertize at a later date.

### **Fiscal Impact**

The engineer's estimates the project cost to be \$408,764. The funding consists of \$106,251 in RSTP monies and the difference coming from the Proposition 1B road-overlay money in the amount of \$305,513. The RSTP monies require an 11.47% match of local funds.





# Report to the Auburn City Council

Action Item  
 10

City Manager Approval

To:	Mayor and City Council Members
From:	Jack Watson, Director of Public Works Benjie Schoedert, Engineering Division Manager
Date:	March 22, 2009
Subject:	2008-2009 Street Overlay Program

## The Issue

Informational Update

Conclusion and Recommendation  
 For Informational Purposes Only

## Background

The Department of Public Works has prepared bid documents for the 2008-2009 Street Overlay Program. The street that is included in the bid documents is Indian Hill Road from Auburn Folsom Road to the City Limits. The project involves some base repair and overlay of the roadway. A portion of the funding for this project comes from the Regional Surface Transportation Program (RSTP), a federal program which requires the money be spent on a federally designated roadway. Indian Hill Road qualifies and is included in the City's Overlay Program. The City must wait for Caltrans and Federal Highway Administration (FHWA) to authorize the project prior to the project being advertised, but staff expects authorize from Caltrans and FHWA by April-May to allow for advertising by mid-May and award by mid-June.

## Alternatives Available to Council Implementation of Alternatives

1. Allow staff to proceed with project staff will bring back to the Council for permission to advertise at a later date.

## Financial Impact

The engineer's estimate the project cost to be \$408,764. The funding consists of \$100,251 in RSTP money and the difference coming from the Proposition 13 road overlay money in the amount of \$308,513. The RSTP requires an 11.47% match of local funds.



## *Report to the Auburn City Council*

Action Item

Agenda Item No. 12

City Manager Approval

**To:** Mayor and City Council Members

**From:** Jack Warren, Director of Public Works  
Bernie Schroeder, Engineering Division Manager

**Date:** March 23, 2009

**Subject:** Cooperative Agreement with California Department of Transportation for the relinquishment of State Route 49

### *The Issue*

Shall the City enter into a cooperative agreement with the California Department of Transportation for the relinquishment of State Route 49 from Elm Avenue at Highway 49 to Elm Avenue at High Street?

### *Conclusion and Recommendation*

Staff recommends that City Council, BY RESOLUTION, authorize the City Manager to sign the cooperative agreement with the California Department of Transportation to accept the relinquishment of State Route 49 from just south of the eastbound Interstate 80 onramp to Elm Avenue at High Street and to transfer to the State the section of Elm Avenue from High Street to just west of the Interstate 80 eastbound onramp.

### *Background*

The Streetscape Master Plan was started in late 2006 to create a link between Old Town and Downtown, improve infrastructure, contribute to economic revitalization and encourage people to stop, stroll, shop and stay in Auburn. The majority of the Streetscape Master Plan is along State Route 49. To eliminate the need for an encroachment permit from Caltrans to construct the Streetscape, the City requested that the California Department of Transportation to relinquish State Route 49 from just south of the eastbound Interstate 80 onramp to Elm Avenue/High Street intersection and the City would then relinquish Elm Avenue/High Street Intersection to just west of the Interstate 80 eastbound onramp.

The relinquishment cooperative agreement states that the City of Auburn will accept a payment of \$150,000 to accept the relinquished facilities.

The City's has already been sweeping and maintaining the surface of the Highway 49 roadway through the Downtown corridor.

The California Transportation Commission is expected to approve the cooperative agreement at their April Board meeting scheduled for April 17-18<sup>th</sup>.



**Alternatives Available to Council; Implications of Alternatives**

1. Proceed with Staff Recommendation
2. Do not proceed with staff recommendation

**Fiscal Impact**

The City will receive \$150,000 for the relinquished facilities and will be required to maintain the facilities.

Subject:	Relinquishment of State Route 49
Date:	March 23, 2009
From:	Jack Watson, Director of Public Works
To:	Mayor and City Council Members

**The Issue**  
 Shall the City enter into a cooperative agreement with the California Department of Transportation for the relinquishment of State Route 49 from Elm Avenue at Highway 49 to Elm Avenue at Highway 80?

**Conclusion and Recommendation**  
 Staff recommends that City Council BY RESOLUTION, authorize the City Manager to sign the cooperative agreement with the California Department of Transportation to accept the relinquishment of State Route 49 from just south of the eastbound Interstate 80 onramp to Elm Avenue at Highway 80 and to transfer to the State the section of Elm Avenue from Highway 80 to Highway 49.

**Background**  
 The Streetscape Master Plan was started in late 2006 to create a link between Old Town and Downtown, improve infrastructure, contribute to economic revitalization and encourage people to stop, stroll, shop and stay in Auburn. The majority of the Streetscape Master Plan is along State Route 49. To eliminate the need for an encroachment permit from Caltrans to construct the Streetscape, the City requested that the California Department of Transportation to relinquish State Route 49 from just south of the eastbound Interstate 80 onramp to Elm Avenue/Highway 80 intersection and the City would then relinquish Elm Avenue/Highway 80 intersection to just west of the Interstate 80 eastbound onramp.

The relinquishment cooperative agreement states that the City of Auburn will accept a payment of \$150,000 to accept the relinquished facilities.

The City has already been sweeping and maintaining the surface of the Highway 49 roadway through the Downtown corridor.

The California Transportation Commission is expected to approve the cooperative agreement at their April Board meeting scheduled for April 17-18.

Draft

**RELINQUISHMENT AGREEMENT**

THIS AGREEMENT, ENTERED INTO EFFECTIVE ON \_\_\_\_\_, is between the STATE OF CALIFORNIA, acting by and through its Department of transportation, referred to herein as "STATE", and the CITY OF AUBURN, a body politic and a municipal corporation of the State of California, referred herein as "CITY".

**RECITALS**

1. STATE and CITY, herein referred to as "PARTIES", pursuant to Streets and Highways Code sections 73 and 130, are authorized to enter into a Cooperative Agreement in order to relinquish to CITY a portion of State Highway System (SHS) right of way (R/W) within CITY's jurisdiction.
2. STATE desires to relinquish to CITY that portion of State Route (SR) 49 from the intersection of Elm Avenue and High Street (SR 49) (PM 2.47) to the southern most on ramp to eastbound Interstate 80 (PM 3.20), referred to hereinafter as "RELINQUISHED FACILITIES", as shown on Exhibit A, attached to and made part of this Agreement.
3. PARTIES agree that RELINQUISHED FACILITIES are currently in a state of good repair and STATE will continue to maintain RELINQUISHED FACILITIES until the date of recordation of the Resolution of Relinquishment. CITY will accept RELINQUISHED FACILITIES in return for the conditioned allocation of \$150,000 or an amount determined by the California Transportation Commission (CTC) for highway improvements consisting of roadway rehabilitation, and Americans Disabilities Act (ADA) compliant sidewalks, etc., more particularly described in Exhibit B, attached hereto and made a part of this Agreement.
4. PARTIES have agreed that CITY's request for the allocation of \$150,000 by CTC will be recommended by STATE. Said amount represents the cost of beyond the state of good repair improvements to RELINQUISHED FACILITIES.
5. PARTIES agree that the payment of funds to CITY may be deferred until June 30, 2012 or until the State Highway Account improves. If CTC determines such a delay is necessary, STATE may provide CITY with the option of petitioning the CTC for an earlier payment.
6. Relinquishment to CITY will occur upon approval by the CTC of a Resolution of Relinquishment and a conditioned allocation of up to the amount \$150,000 and the recording of said Resolution in the County Recorder's Office.



## **SECTION I**

### **CITY AGREES:**

1. Execution of this Agreement constitutes CITY's waiver of the ninety (90) day notice of "Intention to Relinquish" requirement contained in Section 73 of the Streets and Highways Code. CITY may appear before the CTC to offer CITY's substantiation that a payment of these negotiated funds constitutes an allocation that is in the best interests of the State of California when so determined by the CTC in its Resolution of Relinquishment.
2. To accept that allocation determined by the CTC to be in the best interests of the public in its Resolution of Relinquishment as STATE's full and only payment obligation for the relinquishment of RELINQUISHED FACILITIES, which will be maintained in a state of good repair by STATE until the date of relinquishment.
3. CITY acknowledges that RELINQUISHED FACILITIES are in a state of good repair.
4. Upon recordation of the CTC's Resolution of Relinquishment in the County Recorder's Office, CITY agrees to accept ownership, including all rights, title and interest in RELINQUISHED FACILITIES, and to thereafter operate, maintain and be liable for said relinquished facility without any additional cost to STATE.

## **SECTION II**

### **STATE AGREES:**

1. To recommend that CTC allocate the negotiated funds up to the amount of \$150,000 as part of the CTC's Resolution of Relinquishment to relinquish RELINQUISHED FACILITIES from the SHS.
2. To pay CITY that amount allocated by CTC in its Resolution of Relinquishment, which is determined to be in the best interests of the public. The payment of those CTC allocated funds by STATE to CITY will represent STATE's final and only payment for the purpose of this relinquishment.
3. To relinquish, upon the approval of the CTC's Resolution of Relinquishment and recordation of said resolution in the County Recorders Office, RELINQUISHED FACILITIES.
4. To transfer to CITY, within sixty (60) days of the recordation of the CTC's Resolution of Relinquishment, all available STATE records and files for the RELINQUISHED FACILITIES, including, but not limited to, plans, survey data and R/W information.



**SECTION III**

**IT IS MUTUALLY AGREED:**

1. All obligations of STATE under the terms of this Agreement are subject to the appropriation of resources by the Legislature, State Budget Act authority, and the allocation of funds by CTC.
2. STATE reserves the right to enter, at no cost to STATE, relinquished collateral facilities, including sidewalks and other areas adjacent to the travel way, to modify or add signage, drainage, and other improvements necessary on STATE highway property. CITY agrees to allow STATE access to operate, maintain, add, remove, or modify STATE's facilities adjacent to R/W being relinquished.
3. CITY reserves the right to enter, at no cost to CITY, transferred collateral facilities, including sidewalks and other areas adjacent to the travel way, to modify or add signage, drainage, and other improvements necessary on CITY highway property. STATE agrees to allow CITY access to operate, maintain, add, remove, or modify CITY's facilities adjacent to R/W being relinquished.
4. If any hazardous materials are discovered within RELINQUISHED FACILITIES, CITY shall be responsible for the cost for remedy or remedial action. CITY shall be responsible for signing the manifest.
5. Neither STATE nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by CITY under or in connection with any work, authority or jurisdiction conferred upon CITY under this Agreement. It is understood and agreed that CITY shall fully defend, indemnify and save harmless STATE and all its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation and other theories or assertions of liability occurring by reason of anything done or omitted to be done by CITY under this Agreement.
6. Neither CITY nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by STATE under or in connection with any work, authority or jurisdiction conferred upon STATE under this Agreement. It is understood and agreed that STATE, shall fully defend, indemnify and save harmless CITY and all its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation and other theories or assertions of liability occurring by reason of anything done or omitted to be done by STATE under this Agreement.
7. No alteration of the terms of this Agreement shall be valid unless made in writing and



signed by PARTIES hereto and no oral understanding or agreement not incorporated herein shall be binding on any of the PARTIES' hereto.

8. This Agreement shall terminate upon recordation of the CTC's Resolution of Relinquishment in the County Recorder's Office and STATE's payment of CTC's allocated funds to CITY, or on January 1, 2014, whichever is earlier in time except for those provisions which relate to a indemnification, ownership, property recapture, operation, access control and maintenance, which shall remain in effect until terminated or modified in writing by mutual agreement.

STATE reserves the right to enter, at no cost to STATE, relinquished collateral facilities including sidewalks and other areas adjacent to the travel way, to modify or add signage, drainage, and other improvements necessary on STATE highway property. CITY agrees to allow STATE access to operate, maintain, add, remove, or modify STATE's facilities adjacent to RW being relinquished.

CITY reserves the right to enter, at no cost to CITY, transferred collateral facilities including sidewalks and other areas adjacent to the travel way, to modify or add signage, drainage, and other improvements necessary on CITY highway property. STATE agrees to allow CITY access to operate, maintain, add, remove, or modify CITY's facilities adjacent to RW being relinquished.

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**STATE OF CALIFORNIA**  
**Department Of Transportation**

**CITY OF AUBURN**

WILL KEMPTON  
Director

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
GARY S. SIDHU, Deputy District Director  
D3 Programming & Project Management

\_\_\_\_\_  
Attest:

\_\_\_\_\_  
City Clerk

Approved as to form and procedure:

Approved as to form and procedure:

\_\_\_\_\_  
Department of Transportation Attorney

\_\_\_\_\_  
Legal Counsel

Certified as to funds:

\_\_\_\_\_  
DEBORAH CLARK  
District Project Control Officer

Certified as to financial terms and policies:

\_\_\_\_\_  
Accounting Administrator



## MAP of RELINQUISHED FACILITIES



EXHIBIT B  
Updated Estimate

Roadway Estimated Cost:

Sidewalk 420 sf @ \$15.00 =	\$ 6,300
Truncated Domes 35 ea @ \$600.00 =	\$ 21,000
Ramps 6 @ \$5,000 ea =	\$ 30,000
Curb repair LS =	\$ 300
Edgeline 13,728 lf @ \$0.75 =	\$ 10,500
Slurry @ alleys 8 ea @ \$800 =	\$ 6,400
Subtotal	\$439,500

Contingency and Engr 30% (except HBR)	\$ 22,350
Total Roadway	\$461,850

Maintenance Cost for Three Years: Looking at \$5,500 per year for 3 years at 5% Present Worth

PW factor = 2.72	
\$5,500@2.72	\$ 15,000
Engineering and Contingency 20% =	\$ 3,000
Total Maintenance	\$ 18,000

**Grand Total (Roadway and Maintenance): \$479,850 \***

**Less Portion of Highway Signage Modifications**

\* STATE will pay CITY, up to the amount of \$150,000, allocated by CTC.



**Draft**  
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**STATE OF CALIFORNIA**  
**Department Of Transportation**

**WILL KEMPTON**  
Director

**CITY OF AUBURN**

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
GARY S. SIDHU, Deputy District Director  
D3 Programming & Project Management

\_\_\_\_\_  
Attest:

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City Clerk

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Department of Transportation Attorney

\_\_\_\_\_  
Legal Counsel

Certified as to funds:

\_\_\_\_\_  
DEBORAH CLARK  
District Project Control Officer

Certified as to financial terms and policies:

\_\_\_\_\_  
Accounting Administrator

EXHIBIT A  
MAP of RELINQUISHED FACILITIES

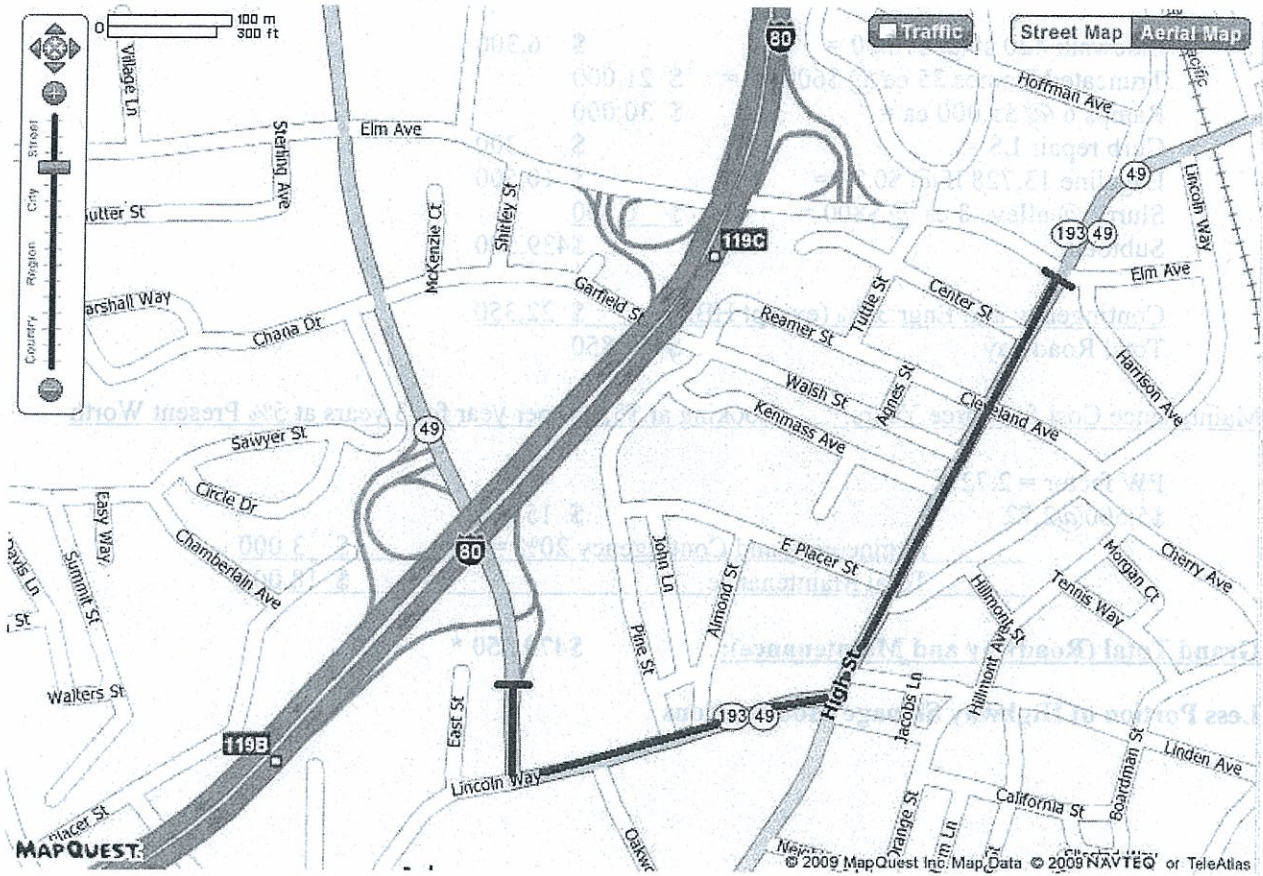




EXHIBIT B  
Updated Estimate

Roadway Estimated Cost:

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\$5,500@2.72

	\$ 15,000
Engineering and Contingency 20% =	\$ 3,000
Total Maintenance	\$ 18,000

**Grand Total (Roadway and Maintenance):** **\$479,850 \***

**Less Portion of Highway Signage Modifications**

\* STATE will pay CITY, up to the amount of \$150,000, allocated by CTC.

RESOLUTION NO. 09-

RESOLUTION AUTHORIZING THE COOPERATIVE AGREEMENT WITH THE  
STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR THE  
RELINQUISHMENT OF STATE ROUTE 49.

-----  
THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn does hereby authorize the  
City Manager to sign the Cooperative Agreement with the California  
Department of Transportation to accept the relinquishment of State Route 49  
from just south of the eastbound Interstate 80 onramp to Elm Avenue at High  
Street and to transfer to the State the section of Elm Avenue from High Street  
to just west of the Interstate 80 eastbound onramp.

A true and correct copy of said Cooperative Agreement is attached hereto as  
Exhibit "A."

DATED: March 23, 2009

\_\_\_\_\_  
J.M. Holmes, Mayor

ATTEST:

\_\_\_\_\_  
Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify  
that the foregoing resolution was duly passed at a regular session meeting of  
the City Council of the City of Auburn held on the 23<sup>rd</sup> day of March 2009 by  
the following vote on roll call:

Ayes:

Noes:

Absent:

\_\_\_\_\_  
Joseph G. R. Labrie, City Clerk



RESOLUTION NO. 09-  
RESOLUTION AUTHORIZING THE COOPERATIVE AGREEMENT WITH THE  
STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR THE  
RELINQUISHMENT OF STATE ROUTE 49.

THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:  
That the City Council of the City of Auburn does hereby authorize the  
City Manager to sign the Cooperative Agreement with the California  
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Street and to transfer to the State the section of Elm Avenue from High Street  
to just west of the Interstate 80 eastbound onramp.  
A true and correct copy of said Cooperative Agreement is attached hereto as  
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DATED: March 23, 2009

J.M. Holmes, Mayor

ATTEST:

Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify  
that the foregoing resolution was duly passed at a regular session meeting of  
the City Council of the City of Auburn held on the 23<sup>rd</sup> day of March 2009 by  
the following vote on roll call:

Ayes:  
Noes:  
Absent:

Joseph G. R. Labrie, City Clerk



## *Report to the Auburn City Council*

Action Item

Agenda Item No. 13

City Manager Approval

**To:** Mayor and City Council Members  
**From:** Jack Warren, Director of Public Works  
Bernie Schroeder, Engineering Division Manager  
Megan Siren, Administrative Analyst  
**Date:** March 23, 2009  
**Subject:** Wastewater Treatment Plant Improvement Project

### The Issue

Shall the City authorize the onsite wastewater treatment plant improvement project?

### Conclusion and Recommendation

Staff recommends that City Council:

**BY RESOLUTION**, Proceed with conventional financing for the onsite wastewater treatment plant improvement project; and

**BY MOTION**, Authorize the Director of Public Works to advertise the onsite wastewater treatment plant improvement project.

### Background

On February 23, 2009, the City Council directed staff to finish the engineering design work for the onsite improvements to the wastewater treatment plant and defer advertising. The design should be completed by March 15, 2009. Once we have finalized the approach on funding, the City would be able to advertise the project.

The regional project still remains a long term goal for the City, but in order to remain on schedule and in compliance then the City must pursue the onsite Wastewater Treatment Plant Improvement Project

The American Recovery and Reinvestment Act (ARRA) of 2009 forwards stimulus funds to the State Revolving Fund (SRF) program which funds wastewater treatment projects. The ARRA monies will not be available to the City without putting the City one whole construction season behind. Currently the State has stated that they will fund Tier 1 projects currently on the SRF list with ARRA funding, the City's onsite wastewater improvement project is not included on the Tier 1 list. The State Water Resources Control Board does not expect to finalize a list of projects for the ARRA funds until the end of June. Due to the ARRA, the State is revising the "normal" SRF process with anticipation of the State Water Resources Control Board to make the final



determination on the process changes in the middle of March. The State has stated that they have money for the annual SRF process in addition to the ARRA – SRF funds that they expect to receive.

**Financing Options and Recommendation:**

As a means to fund the Wastewater Treatment Facility Upgrade Project, staff evaluated several different financing options available to the City. Financing options considered include:

1. State Water Resource Control Board (SWRCB) revolving loan program (SRF)
2. City of Auburn Sewer Revenue Bonds – Conventional Bond Funding
3. State Revolving Fund - ARRA Funding

**State Revolving Fund****Pros:**

- New rules could extend the financing term from 20 to 30 years

**Cons:**

- Requires a bridge loan
- Requires payment of a one-time, 0.5% administrative fee and an annual fee based on principal balance
- May require additional changes to the plans and specifications which would delay the project
- State review process may delay advertising/awarding the project
- States financial uncertainty and ability to pay progress payments on-time are unpredictable
- The “new” rules may take time to be incorporated into the process further delaying the process
- The ability to receive an additional time extension on our NPDES permit to allow for the SRF process to work is unlikely.

**Conventional Bond Funding****Pros:**

- Adequate and necessary funding available at a competitive rate
- Financing completed within 60 to 90 days
- City maintains control over the funding
- No one-time or annual fees (bond issuance costs are amortized into the cost of financing)
- Upgrade project schedule remains intact

**Cons:**

- If the City decides to pursue conventional bond financing, the chances of receiving ARRA funds/grants are highly improbable.
- Cost of financing may be higher than that available through the SRF

Upon evaluation of each financing alternative, staff determined that issuing City of Auburn Sewer Revenue Bonds is most advantageous to the City, resulting in:

- Availability of upgrade project funds when needed;
- Competitive cost of financing upgrade project through issuance of bonds – 5.5% - 6.5% depending on credit and insurance for bond financing versus 2.5% - 3.5% for SRF financing
- Debt service repayment period of up to 30 years;



- Ability to sculpt financing requirements to best meet City's needs; and
- Demonstrated fiscal strength of City with its ability to issue debt on its own.

Staff anticipates bringing forward for Council approval separate agreements authorizing use of financial advisor / bond underwriter and bond counsel services in April 2009. It is further anticipated that a bond sale could be completed prior to the end of the current fiscal year.

With the recommended proposed financing the existing sewer rate structure would not need to be changed.

### **Environmental Clearance**

On August 25, 2008, the City Council approved the Initial Study and Mitigated Negative Declaration for the onsite Wastewater Treatment Plant Improvement Project.

### **Regional Project**

The Regional Project has had little progress during the last few months, but the City of Lincoln still remains a willing participant should either the City or the County or both elect to build the Regional Project. Because of the economic slowdown, Lincoln is not pressing for immediate action as they were 6 months ago.

### **Alternatives Available to Council; Implications of Alternatives**

1. Proceed with Staff Recommendation
2. Do not proceed with staff recommendation

### **Fiscal Impact**

At the beginning of fiscal year 2007-08, Sanitary Sewer System User Fees were increased consistent with City Council direction pursuant to completion of a rate study. Rate increases implemented in July 2007 included a component for anticipated debt service payments required from a financing of the Wastewater Treatment Facility Upgrade.

The fiscal year 2008-09 operating budget anticipates approximately \$2.7 million could be available for the upgrade / regionalization effort - a portion or all of which could be used to offset the amount financed.



1 RESOLUTION NO. 09-  
2 RESOLUTION REGARDING CITY'S WASTEWATER TREATMENT PLANT  
3 IMPROVEMENT PROJECT.  
4 -----

5 THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

6 That the City Council of the City of Auburn does hereby authorize to  
7 direct staff to proceed with conventional financing for the onsite wastewater  
8 treatment plant improvement project

9  
10 DATED: March 23, 2009

11 \_\_\_\_\_  
12 J.M. Holmes, Mayor

13 ATTEST:

14 \_\_\_\_\_  
15 Joseph G. R. Labrie, City Clerk

16 I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify  
17 that the foregoing resolution was duly passed at a regular session meeting of  
18 the City Council of the City of Auburn held on the 23<sup>rd</sup> day of March 2009 by  
19 the following vote on roll call:

20 Ayes:

21 Noes:

22 Absent:

23 \_\_\_\_\_  
24 Joseph G. R. Labrie, City Clerk  
25  
26  
27  
28





## *Report to the Auburn City Council*

Action Item	14
Agenda Item No.	
City Manager's Approval	

**To:** Honorable Mayor and City Council Members  
**From:** Robert Richardson, City Manager  
**Date:** March 23, 2009  
**Subject:** Cost Savings Plan for City Council, City Manager, Department Directors and Department Manager's consistent with current financial shortfalls.

### The Issue

Shall the City Council approve staff's recommendation for the Cost Savings plan to reduce and adjust the salary for Elected Officials, City Manager, Department Directors and Department Managers by 10%, consistent with the current financial shortfalls and anticipated deficit in the City's operating budget during fiscal years 2008-2009, and 2009-2010?

### Action Requested

1. By **RESOLUTION**, authorize the City Manager or his designee to reduce the current stipend payment for Elected Officials by 10%, beginning May 1, 2009, for the remainder of fiscal year 2008/09 and for all of fiscal year 2009/10, ending on June 30, 2010.
2. By **RESOLUTION**, authorize the City Manager or his designee to notify CalPERS of proposed changes to the manner by which the employee portion of CalPERS retirement premiums are paid to CalPERS effective May 1, 2009 through June 30, 2010.
3. By **RESOLUTION**, authorize the City Manager or his designee to amend Department Directors Agreements to reflect a reduction in salary of 10%, beginning May 1, 2009 through June 30, 2010.
4. By **RESOLUTION**, authorize the City Manager or his designee to reduce Department Managers salaries by 10%, beginning May 1, 2009, for the remainder of fiscal year 2008/09 and all of 2009/10, ending on June 30, 2010.
5. By **RESOLUTION**, amend the City Manager's contract, to reflect a reduction in salary of 10%, beginning May 1, 2009, for the remainder of fiscal year 2008/09 and all of 2009/10, ending on June 30, 2010.
6. By **RESOLUTION**, authorize the City Manager to implement the Cost Savings Plan for CalPERS employee contributions and Mandatory Time Off provisions, consistent with all applicable laws and regulations.



**Background**

As a means to address existing and future budgetary imbalances, and further, to mitigate any future local agency impacts associated with the State's budget deficit, the housing crisis and tightening credit markets, staff recommends the City Council approve actions as outlined in this memorandum. Although approval of the recommended actions will mitigate the amount of General Fund reserves required to balance future budgets, additional budgetary/reorganization actions may be required over the course of the next fifteen months.

The City's operating budget during fiscal years 2008-2009, and 2009-2010 is suffering a deficit due to reductions in revenues stemming from the current economic downturn being experienced worldwide. Upon approval, the City shall implement the recommended Cost Savings Plan for management and unrepresented employees effective the first pay period in May 2009.

The City shall calculate the portion of the forecasted budget deficit required to be offset by a commensurate reduction in employee salaries. The reduction to employee salaries will first be offset by employees assuming payment of the employee portion of CalPERS premiums currently paid by the City (currently 7% of salary for miscellaneous employees and 9% of salary for sworn safety employees). After assuming payment of the employee portion of the CalPERS premium, any remaining percentage amount shall be applied to mandatory time off (MTO) without pay during each of the fiscal years. The MTO time will be shown on the employees pay record and shall be maintained as unpaid time and used under the same procedures and conditions provided for the use of vacation time. Such CalPERS premiums assumed and MTO time shall not exceed ten percent (10%) of the employees' base salary.

The breakdown of PERS and MTO time is as follows, dependent upon employee group retirement benefits:

Sworn Safety Employees – 9% Employee PERS & 66 hours of MTO time

Miscellaneous Employees – 7% Employee PERS & 88 hours of MTO time

The City's budgeted net operational revenues will be reviewed each fiscal quarter, and if such forecasted revenues exceed forecasted expenditures by more than one percent of forecasted expenditures, the City shall first restore the reduction in Mandatory Time Off (MTO) time, and then restore the payment of the employee's obligation to PERS Retirement, to the extent of the improvement in its forecasted net revenues for the fiscal year. Any restoration of compensation shall be effective the first pay period following the City Council's approval of the negotiated restoration plan.

Over the course of the last several months, staff has been actively engaged in the evaluation of how to best ease the impact of the budget issues confronting the City. After several strategic discussions, staff recommends the City Council adopt the fiscal Cost Savings Plan as contained herein.



**Alternatives Available to Council; Implications of Alternatives**

1. Accept the Cost Savings Plan recommendations noted herein.
2. Modify the Cost Savings Plan recommendations pursuant to City Council discussion, which may result in a change to the fiscal impact.

**Fiscal Impact**

As previously stated, budgetary and reorganization actions recommended herein serve to address existing and future budgetary imbalances, and further, to mitigate any future local agency impacts associated with the State's budget deficit. Approval of all recommended actions results in an estimated General Fund cost reduction of:

Fiscal Year 2008-09                      \$ 25,000

Fiscal Year 2009-10                      \$ 150,000



RESOLUTION NO. 09-

RESOLUTION authorizing the City Manager or his designee to reduce the current stipend for Elected Officials by 10%, beginning May 1, 2009, for the remainder of fiscal year 2008/09 and all of 2009/10, ending on June 30, 2010.

-----  
THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

The City Council of the City of Auburn by RESOLUTION authorize the City Manager or his designee to reduce the current stipend for Elected Officials by 10%, beginning May 1, 2009, for the remainder of fiscal year 2008/09 and all of 2009/10, ending on June 30, 2010

COST SAVINGS PLAN

WHEREBY The City's operating budget is entirely dependent upon the economic conditions that prevail in the community and legislative actions of the State of California. Given the continuing severe economic recession, and its unpredictable impact on the City budgeted revenues and expenditures, the City Council approves the following Cost Savings Plan for a reduction in stipend of 10% to Elected Officials:

REDUCTION IN STIPEND

The City's operating budget during fiscal years 2008-2009, and 2009-2010 is suffering a deficit due to shortfalls in its forecasted revenues for such fiscal years. The City shall implement the following Cost Savings Plan to go into effect for Elected Officials the first pay period in May 2009;

The City shall calculate the amount of the forecasted budget deficit necessary to be made up by a corresponding reduction in stipend to arrive at a percentage reduction amount for each elected official.

1 The City's fiscal status will be reviewed each fiscal quarter, and if such  
2 forecasted revenues exceed forecasted expenditures by more than one percent  
3 of forecasted expenditures, the City shall restore the reduction in stipend, to  
4 the extent of the improvement in its forecasted net revenues for the fiscal  
5 year. Any restoration of compensation shall be effective the first pay period  
6 following the City Council's review of quarterly budget and adoption of a  
7 restoration plan.

8  
9 DATED: March 23, 2009

10  
11  
12 Mike Holmes, Mayor

13  
14 ATTEST:

15 Joseph G. R. Labrie, City Clerk

16  
17 I, Joseph Labrie, City Clerk of the City of Auburn, hereby certify that the  
18 foregoing resolution was duly passed at a regular meeting of the City Council  
19 of the City of Auburn held on the 23rd day of March 2009 by the following  
20 vote on roll call:

21  
22 Ayes:

23 Noes:

24 Absent:

25  
26 Joseph G. R. Labrie, City Clerk



1 RESOLUTION NO. 09-

2 RESOLUTION authorizing the City Manager or his designee to notify CalPERS of  
3 proposed changes to the manner by which the employee portion of CalPERS  
4 retirement premiums are paid to CalPERS effective May 1, 2009 through June  
5 30, 2010.

6 -----  
7 THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

8 The City Council of the City of Auburn by RESOLUTION authorize the City  
9 Manager to notify CalPERS of proposed changes to the manner by which the  
10 employee portion of CalPERS retirement premiums are paid to CalPERS,  
11 consistent with the Cost Savings Plan and PERS Contribution Savings Plan,  
12 effective May 1, 2009 through June 30, 2010.

13  
14 DATED: March 23, 2009

15  
16 \_\_\_\_\_  
Mike Holmes, Mayor

17  
18 ATTEST:

19 \_\_\_\_\_  
20 Joseph G. R. Labrie, City Clerk

21 I, Joseph Labrie, City Clerk of the City of Auburn, hereby certify that the  
22 foregoing resolution was duly passed at a regular meeting of the City Council  
23 of the City of Auburn held on the 23rd day of March 2009 by the following  
24 vote on roll call:

25 Ayes:

26 Noes:

27 Absent:

28 \_\_\_\_\_  
Joseph G. R. Labrie, City Clerk

1 RESOLUTION NO. 09-

2 RESOLUTION AUTHORIZING authorize the City Manager or his designee to  
3 amend Department Directors Agreements to reflect a reduction in salary of  
4 10%, beginning May 1, 2009 through June 30, 2010

5 -----  
6 THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

7 The City Council of the City of Auburn by RESOLUTION authorize the City  
8 Manager or his designee to amend Department directors agreements to reflect  
9 a reduction in salary of 10% beginning May 1, 2009, through June 30, 2010.

10  
11 COST SAVINGS PLAN

12 The City's operating budget is entirely dependent upon the economic  
13 conditions that prevail in the community and legislative actions of the State of  
14 California. Given the continuing severe economic recession, and its  
15 unpredictable impact on the City budgeted revenues and expenditures, the City  
16 Council approves the following Cost Savings Plan for Department Directors:

17  
18 PERS CONTRIBUTION/MANDATORY TIME OFF (MTO)

19 The City's operating budget during fiscal years 2008-2009, and 2009-2010 is  
20 suffering a deficit due to shortfalls in its forecasted revenues for such fiscal  
21 years. The City shall implement the following Cost Savings Plan to go into  
22 effect for Department Directors the first pay period in May 2009;

23  
24 The City shall calculate the amount of the forecasted budget deficit necessary  
25 to be made up by a corresponding reduction in citywide salaries to arrive at a  
26 percentage reduction amount for each employee. The employee may elect to  
27 pay the employee's obligation to the PERS retirement Plan currently paid by  
28 the City (the employee portion), with any remaining percentage amount being



1 applied to mandatory time off (MTO) without pay during each of the fiscal  
2 years. The MTO time will be shown on the employees pay record and shall be  
3 maintained as unpaid time and used under the same procedures and conditions  
4 provided for the use of vacation time. The combination of such PERS  
5 reductions and MTO time shall not exceed ten percent (10%) of the employees'  
6 base salary.

7  
8 The City's fiscal status will be reviewed each fiscal quarter, and if such  
9 forecasted revenues exceed forecasted expenditures by more than one percent  
10 of forecasted expenditures, the City shall first restore the reduction in MTO  
11 time, followed by a restoration of the payment of the employee's obligation to  
12 PERS Retirement, to the extent of the improvement in its forecasted net  
13 revenues for the fiscal year. Any restoration of compensation shall be effective  
14 the first pay period following the City Council's review of quarterly budget and  
15 adoption of a restoration plan.

16  
17 MTO time cannot be taken until the pay period following the deduction in salary  
18 and the resulting MTO time is accrued. This Cost Savings Plan use of MTO time  
19 shall not affect current vacation or sick leave accrual rates.

20  
21  
22  
23 DATED: MARCH 23, 2009

24  
25  
26 MIKE HOLMES, MAYOR

1  
2 ATTEST:

3  
4 Joseph G. R. Labrie, City Clerk  
5

6 I, Joseph Labrie, City Clerk of the City of Auburn, hereby certify that the  
7 foregoing resolution was duly passed at a regular meeting of the City Council  
8 of the City of Auburn held on the 23rd day of March 2009 by the following  
9 vote on roll call:

10  
11 Ayes:

12 Noes:

13 Absent:

14 Joseph G. R. Labrie, City Clerk  
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1 RESOLUTION NO. 09-

2 RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO  
3 REDUCE DEPARTMENT MANAGERS SALARIES BY 10%, BEGINNING MAY 1,  
4 2009, FOR THE REMAINDER OF FISCAL YEAR 2008/09 AND ALL OF 2009/10,  
5 ENDING ON JUNE 30, 2010.

6 -----  
7 THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

8 The City Council of the City of Auburn by RESOLUTION authorize the City  
9 Manager or his designee to reduce Department Managers salaries by 10%,  
10 beginning May 1, 2009, for the remainder of fiscal year 2008/09 and all of  
11 2009/10, ending on June 30, 2010.

12  
13 COST SAVINGS PLAN

14 WHEREBY The City's operating budget is entirely dependent upon the economic  
15 conditions that prevail in the community and legislative actions of the State of  
16 California. Given the continuing severe economic recession, and its  
17 unpredictable impact on the City budgeted revenues and expenditures, the City  
18 Council approves the following Cost Savings Plan for management employees:

19  
20 PERS CONTRIBUTION/MANDATORY TIME OFF (MTO)

21 The City's operating budget during fiscal years 2008-2009, and 2009-2010 is  
22 suffering a deficit due to shortfalls in its forecasted revenues for such fiscal  
23 years. The City shall implement the following Cost Savings Plan to go into  
24 effect FOR management employees the first pay period in May 2009;

25  
26 The City shall calculate the amount of the forecasted budget deficit necessary  
27 to be made up by a corresponding reduction in citywide salaries to arrive at a  
28 percentage reduction amount for each employee. The employee may elect to

1 pay the employee's obligation to the PERS retirement Plan currently paid by  
2 the City (the employee portion), with any remaining percentage amount being  
3 applied to mandatory time off (MTO) without pay during each of the fiscal  
4 years. The MTO time will be shown on the employees pay record and shall be  
5 maintained as unpaid time and used under the same procedures and conditions  
6 provided for the use of vacation time. The combination of such PERS  
7 reductions and MTO time shall not exceed ten percent (10%) of the employees'  
8 base salary.

9  
10 The City's fiscal status will be reviewed each fiscal quarter, and if such  
11 forecasted revenues exceed forecasted expenditures by more than one percent  
12 of forecasted expenditures, the City shall first restore the reduction in MTO  
13 time, followed by a restoration of the payment of the employee's obligation to  
14 PERS Retirement, to the extent of the improvement in its forecasted net  
15 revenues for the fiscal year. Any restoration of compensation shall be effective  
16 the first pay period following the City Council's review of quarterly budget and  
17 adoption of a restoration plan.

18  
19 MTO time cannot be taken until the pay period following the deduction in salary  
20 and the resulting MTO time is accrued. This Cost Savings Plan use of MTO time  
21 shall not affect current vacation or sick leave accrual rates.

22  
23  
24 DATED: March 23, 2009  
25  
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Mike Holmes, Mayor



1  
2  
3  
4 **ATTEST:**

5  
6 Joseph G. R. Labrie, City Clerk

7 I, Joseph Labrie, City Clerk of the City of Auburn, hereby certify that the  
8 foregoing resolution was duly passed at a regular meeting of the City Council  
9 of the City of Auburn held on the 23rd day of March 2009 by the following  
10 vote on roll call:

11  
12 **Ayes:**

13 **Noes:**

14 **Absent:**

15  
16 Joseph G. R. Labrie, City Clerk  
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1 RESOLUTION NO. 09-

2 RESOLUTION amending the City Manager's contract, to reflect a reduction in  
3 salary of 10%, beginning May 1, 2009, for the remainder of fiscal year  
4 2008/09 and all of 2009/10, ending on June 30, 2010.

5 -----  
6 THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

7 The City Council of the City of Auburn by RESOLUTION amend the City  
8 Manager's contract, to reflect a reduction in salary of 10%, beginning May 1,  
9 2009, for the remainder of fiscal year 2008/09 and all of 2009/10, ending on  
10 June 30, 2010

11  
12 COST SAVINGS PLAN

13 WHEREBY The City's operating budget is entirely dependent upon the economic  
14 conditions that prevail in the community and legislative actions of the State of  
15 California. Given the continuing severe economic recession, and its  
16 unpredictable impact on the City budgeted revenues and expenditures, the City  
17 Council approves the following Cost Savings Plan for City Manager, Robert  
18 Richardson:

19  
20 PERS CONTRIBUTION/MANDATORY TIME OFF (MTO)

21 The City's operating budget during fiscal years 2008-2009, and 2009-2010 is  
22 suffering a deficit due to shortfalls in its forecasted revenues for such fiscal  
23 years. The City shall implement the following Cost Savings Plan to go into  
24 effect for the City Manager the first pay period in May 2009;

25  
26 The City shall calculate the amount of the forecasted budget deficit necessary  
27 to be made up by a corresponding reduction in citywide salaries to arrive at a  
28 percentage reduction amount for each employee. The employee may elect to



1 pay the employee's obligation to the PERS retirement Plan currently paid by  
2 the City (the employee portion), with any remaining percentage amount being  
3 applied to mandatory time off (MTO) without pay during each of the fiscal  
4 years. The MTO time will be shown on the employees pay record and shall be  
5 maintained as unpaid time and used under the same procedures and conditions  
6 provided for the use of vacation time. The combination of such PERS  
7 reductions and MTO time shall not exceed ten percent (10%) of the employees'  
8 base salary.

9  
10 The City's fiscal status will be reviewed each fiscal quarter, and if such  
11 forecasted revenues exceed forecasted expenditures by more than one percent  
12 of forecasted expenditures, the City shall first restore the reduction in MTO  
13 time, followed by a restoration of the payment of the employee's obligation to  
14 PERS Retirement, to the extent of the improvement in its forecasted net  
15 revenues for the fiscal year. Any restoration of compensation shall be effective  
16 the first pay period following the City Council's review of quarterly budget and  
17 adoption of a restoration plan.

18  
19 MTO time cannot be taken until the pay period following the deduction in salary  
20 and the resulting MTO time is accrued. This Cost Savings Plan use of MTO time  
21 shall not affect current vacation or sick leave accrual rates.

22  
23  
24 DATED: March 23, 2009

25  
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---

Mike Holmes, Mayor  
28

1  
2 **ATTEST:**

3  
4 Joseph G. R. Labrie, City Clerk  
5

6 I, Joseph Labrie, City Clerk of the City of Auburn, hereby certify that the  
7 foregoing resolution was duly passed at a regular meeting of the City Council  
8 of the City of Auburn held on the 23rd day of March 2009 by the following  
9 vote on roll call:

10  
11 **Ayes:**

12 **Noes:**

13 **Absent:**

14 Joseph G. R. Labrie, City Clerk  
15  
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1 RESOLUTION NO. 09-

2 RESOLUTION authorize the City Manager to implement the Cost Savings Plan  
3 for CalPERS employee contributions and Mandatory Time Off provisions,  
4 consistent with all applicable laws and regulations.

5 -----  
6 THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

7 The City Council of the City of Auburn by RESOLUTION authorize the City  
8 Manager to implement the Cost Savings Plan for CalPERS employee  
9 contributions and Mandatory Time Off provisions, consistent with all applicable  
10 laws and regulations

11  
12 COST SAVINGS PLAN

13 WHEREBY The City's operating budget is entirely dependent upon the economic  
14 conditions that prevail in the community and legislative actions of the State of  
15 California. Given the continuing severe economic recession, and its  
16 unpredictable impact on the City budgeted revenues and expenditures, the City  
17 Council approves the following Cost Savings Plan:

18  
19 PERS CONTRIBUTION/MANDATORY TIME OFF (MTO)

20 The City's operating budget during fiscal years 2008-2009, and 2009-2010 is  
21 suffering a deficit due to shortfalls in its forecasted revenues for such fiscal  
22 years. The City shall implement the following Cost Savings Plan to go into  
23 effect the first pay period in May 2009;

24  
25 The City shall calculate the amount of the forecasted budget deficit necessary  
26 to be made up by a corresponding reduction in citywide salaries to arrive at a  
27 percentage reduction amount for each employee. The employee may elect to  
28 pay the employee's obligation to the PERS retirement Plan currently paid by

1 the City (the employee portion), with any remaining percentage amount being  
2 applied to mandatory time off (MTO) without pay during each of the fiscal  
3 years. The MTO time will be shown on the employees pay record and shall be  
4 maintained as unpaid time and used under the same procedures and conditions  
5 provided for the use of vacation time. The combination of such PERS  
6 reductions and MTO time shall not exceed ten percent (10%) of the employees'  
7 base salary.

8  
9 The City's fiscal status will be reviewed each fiscal quarter, and if such  
10 forecasted revenues exceed forecasted expenditures by more than one percent  
11 of forecasted expenditures, the City shall first restore the reduction in MTO  
12 time, followed by a restoration of the payment of the employee's obligation to  
13 PERS Retirement, to the extent of the improvement in its forecasted net  
14 revenues for the fiscal year. Any restoration of compensation shall be effective  
15 the first pay period following the City Council's review of quarterly budget and  
16 adoption of a restoration plan.

17  
18 MTO time cannot be taken until the pay period following the deduction in salary  
19 and the resulting MTO time is accrued. This Cost Savings Plan use of MTO time  
20 shall not affect current vacation or sick leave accrual rates.

21  
22  
23 DATED: March 23, 2009

24  
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26 

---

Mike Holmes, Mayor  
27  
28



1 ATTEST:

2  
3 Joseph G. R. Labrie, City Clerk

4 I, Joseph Labrie, City Clerk of the City of Auburn, hereby certify that the  
5 foregoing resolution was duly passed at a regular meeting of the City Council  
6 of the City of Auburn held on the 23rd day of March 2009 by the following  
7 vote on roll call:  
8

9 Ayes:

10 Noes:

11 Absent:

12  
13 Joseph G. R. Labrie, City Clerk  
14  
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16  
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